



Legislation Details (With Text)

File #: 15-0013 Name:
Type: Agendas Status: Passed
File created: 1/20/2015 In control: Board of Aldermen
On agenda: 1/27/2015 Final action: 1/27/2015
Title: Discussion on use of town owned property located 110 East Main Street - condo located above ACME Restaurant

PURPOSE: The purpose of this item is for the Board to discuss next steps for town owned property located at 110 East Main Street - condo located over ACME Restaurant.

Indexes:

Code sections:

Attachments: 1. RESOLUTION for utilization of condo, 2. Board Notes, 3. 110 E. Main St. Carrboro, NC Property Listing

Table with 5 columns: Date, Ver., Action By, Action, Result. Row 1: 1/27/2015, 1, Board of Aldermen, approved, Pass

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Discussion on use of town owned property located 110 East Main Street - condo located above ACME Restaurant

PURPOSE: The purpose of this item is for the Board to discuss next steps for town owned property located at 110 East Main Street - condo located over ACME Restaurant.

DEPARTMENT: Economic and Community Development

CONTACT INFORMATION: Annette D. Stone, AICP Economic and Community Development Director 919 918 7319

INFORMATION: The Town acquired the second floor condo located 110 East Main Street in July of 2013 as part of an economic development agreement with Fleet Feet Inc. The Town then leased the property back to Fleet Feet at a rate of \$17 per square foot, TICAM not included. Fleet Feet vacated the property in November 2014. The Board has an opportunity to decide what to do with the property next. Options include, but are not limited to, developing it for co-working space, offering it for lease on the open market, selling the property or assessing it for future Town needs.

In December 2014, the Board of Aldermen discussed a proposal from the owner of Perch Studios, Betsey Elobgen, to utilize the condo for expansion of Perch Studios, a coworking space in Carrboro. Since that time, Ms. Elobgen has withdrawn her proposal; however, the Town has been approached by other coworking operators with interest in the space. And further, the Economic Sustainability Commission voted to recommend the Board of Aldermen consider putting the condo out for RFP seeking a coworking operator to occupy the space.

According to Forbes.com freelancers make up and estimated 34% of the total workforce in this country and that

number is expected to increase to 50% by 2020<sup>1</sup>. The advantage to freelancing is the freedom to live wherever you choose. Carrboro offers an attractive quality of life and so is a perfect environment for freelancers. This has fueled a need for affordable working space where small start-ups, entrepreneurs and freelancers can network, collaborate, share resources, generate new ideas, socialize, learn and grow as a workforce. The Board of Aldermen recognized this need at their 2012 Board of Aldermen retreat where they sought to support “the Second Wave.” Notes from that retreat can be found as Attachment 2.

Cultivating this type of workforce supports the local economy, and makes Carrboro an attractive location for companies to locate, because of the availability of a quality and flexible workforce. The ESC voted at its January 14<sup>th</sup> meeting to recommend the Board of Aldermen issue an RFP that seeks a coworking operator to operate a coworking space focusing on the following requirements; 1 ) the operator provide wrap-around services, including education, business support, mentoring, and other programs to support workers; 2) the operator collect data that would help to establish measurable performance outputs; 3) the operator assist the town in marketing the RLF to entrepreneurs and growth oriented start-ups to encourage expansion of companies and jobs in Carrboro; 4) and that the space focus on supporting the arts and creativity, innovation and technology, and health, healing and wellness. 5) The operator should make meeting space available to the Carrboro Business Alliance and other Town related meetings as needed.

The practice of public-private partnerships in the creation of incubators, accelerators and now more recently coworking spaces is common among local governments. The financial model of renting space at market rate and then renting to coworkers is not a sustainable practice; therefore many governmental agencies provide financial support in various ways to coworking spaces to make them sustainable. Chapel Hill is discussing providing similar support to coworking spaces. The following links are examples of RFPs sponsored by the cities of Boston and New York;

<http://www.cityofboston.gov/news/default.aspx?id=15863>

<http://nycedc.tumblr.com/post/12888312953/request-for-proposals-harlem-business-incubator>

Through an RFP process the Town could ask operators to propose a monthly lease rate that would allow for their profitability and sustainability. This would allow the proposals to be competitive among coworking groups. It is also recommended that experience in operating coworking space, social/purpose driven mission, and performance of the operator should contributing factors in selection of a vendor.

If the Board does not want to pursue a coworking operator for the space, other options include leasing the space at market rates which vary greatly, but generally are anywhere from \$16-\$17 for space in offices on Lloyd Street, \$19-\$25 in Carr Mill Mall, to \$35 (including TICAM) for upper story offices on Weaver Street. The Town was getting \$17 per square foot from Fleet Feet, which did not include TICAM.

The Board also might consider putting the property on the market for sell. The property was last listed in 2006 for \$625,000.00 and did not sell. Attachment 3 is a copy of the listing and a floor plan for the space. The tax value is \$562,898.00. The Town paid \$537,898.00 for the property, tax value less \$25,000 to repair the roof. After talking to several commercial real estate agents the property could probably be listed between \$540,000.00 to \$600,000.00.

Finally, the could Board to direct staff to access the space for possible Town offices. Attached is a resolution that the Board may use to consider any of these options.

<sup>1</sup> <http://www.forbes.com/sites/waldleventhal/2014/11/24/5-predictions-for-the-freelance-economy-in-2015/>

**FISCAL & STAFF IMPACT:** The financial impact is dependent on which option is selected by the Board of Aldermen.

**RECOMMENDATION:** The ESC recommended the Board consider leasing the space to a coworking operator through a competitive RFP process.