



Legislation Text

File #: ID 15-0401, **Version:** 1

Resolution Authorizing Lease Agreement for NCWorks Career Center Relocation and Merger

Department:
Executive/Office of Workforce Development
Council District:

Public Hearing:
Advertising Date/By:

Contact 1 and Phone:
Steve Jones 373-3001
Contact 2 and Phone:

PURPOSE:

City Council approval is requested to enter into a lease agreement with SN Properties Funding V-Henderson, LLC for a 34,109 square foot property at 2301 W. Meadowview Road in the annual amount of \$341,090 for a term of ten years with an option to terminate after five years. The proposed property would house the new Greensboro NCWorks Career Center.

BACKGROUND:

The Greensboro/High Point/Guilford County Workforce Development Board (WDB) has statutory responsibility for oversight of publicly funded workforce delivery systems for all locations in Guilford County. There are currently four workforce services locations in Greensboro funded through a combination of two specific US Department of Labor (USDOL) funds: the Workforce Investment Act (WIA), which is administered by the City of Greensboro, and the Wagner-Peyser Act (administered by the state). For the last several years, federal legislation, USDOL policy, and the NCWorks Commission have consistently emphasized co-location of these primary workforce programs into single one-stop centers to reduce confusion to the public and maximize resources. This was implemented in the High Point NCWorks Center in 2011 and services remain integrated at that location today.

Sections 121 and 303 of the Workforce Innovation and Opportunity Act (WIOA), that replaces the Workforce Investment Act on July 1, 2015, require that state employment service offices be co-located with one-stop centers. Neither the existing NCWorks Career Center at 303 N. Raleigh Street (formerly the JobLink Career Center) nor the NCWorks Career Center at 2005 S. Elm-Eugene Street (formerly the Employment Security Commission) has sufficient space by itself to merge the services currently provided at these primary centers and the two secondary locations.

At its January 23, 2015 meeting, the Greensboro/High Point/Guilford County Workforce Development Board (WDB) voted to approve authorizing the City's Office of Workforce Development, using WIA/WIOA funds and within City guidelines and approval processes, to negotiate and execute a lease for a 34,109 square building located at 2301 W. Meadowview Road in Greensboro to serve as the single site in the city to replace the four current locations.

The property is owned by SN Properties Funding and is located in the Meadowview Crossing office park located just off I-40 and adjacent to the High Point Road/West Lee Street Reinvestment Corridor. The building is located within easy walking distance (about five minutes) from the #2 (Four Seasons) and #11 (High Point Road) GTA bus stops on High Point Road. At least 51% of households within one mile and 50% within three miles of the location are below the

median household income for Greensboro, per estimations based on 2010 census data.

The locations that would be replaced by the single site are:

- the current NCWorks Career Center on Raleigh Street (currently managed by ResCare Workforce Services under contract to the City and housing 11 City-contracted staff and 5 City staff)
- the NCWorks Career Center on Elm-Eugene Street (housing 12 state-funded staff and 2 City-contracted staff)
- the Workforce Development Board office on Centerview Drive (housing 7 City staff)
- a WIA Youth services office on Westgate Drive (housing 4 City-contracted staff)

A number of other partner staff that currently provide workforce services on a part-time basis in both existing Greensboro NCWorks locations would transfer services to the new location as well. Based on current usage at the primary Greensboro locations, it is estimated that a minimum of 40,000 visits per year will occur in the new center, representing over 13,000 unique Greensboro residents.

The City's Property Management Section has confirmed that the property represents an excellent value, both for the \$10 per square foot rate (including utilities), which is about 20% lower than the average rental rate for comparable properties in the area, and for the fact that the owner will be completely renovating the interior to the specifications of the Workforce Development Board and its workforce partners. The average estimate for upfitting costs received by SN Properties Funding is \$1.1 million and the company will assume responsibility for approximately \$633,000 of costs to upfit the location. The estimated balance of \$467,000 of upfit costs will be amortized over the ten year life of the lease and is calculated into the \$10 per square foot cost. If the City chooses to opt out of the lease after five years, the unamortized amount of \$233,848 would be payable by the City upon termination, a figure that will be firm in the lease; any cost overruns beyond that figure that occur during the upfit would be borne by SN Properties should the City exercise the termination option.

It is, of course, in the best interest of the City and the WDB to maintain a long term presence in the building for branding, continuity and economic reasons. By comparison, the City has provided federally funded workforce services continuously in the Raleigh Street location for over 30 years and in the former High Point location for nearly 15 years prior to co-locating with the NC Department of Commerce (formerly ESC) at the current High Point NCWorks location in 2011.

The Workforce Development Board also voted at its January 23 meeting to authorize the City's Office of Workforce Development to negotiate a cost sharing agreement with the NC Department of Commerce which will essentially split operational expenditures between the Workforce Development Board (funded under WIA/WIOA and administered by the City) and the NC Department of Commerce. The WDB/City would pay rent costs while Commerce pays the other operational expenses such as computer networks, hardware, office supplies, telephone system, security and other expenses for both public and staff usage, currently funded primarily through the Workforce Investment Act administered by the City on behalf of the WDB. It is also anticipated that the NC Division of Employment Security will rent up to five office spaces in the new location, which will further decrease expenses. The final versions of these interlocal agreements will be brought before the City Council upon completion in the near future.

The net impact on the USDOL funds administered by the City is anticipated to be a cost-saving over current annual expenditures when coupled with the cost sharing agreement, while simultaneously creating a positive impact for the citizens of Greensboro by improving the quality, and streamlining the availability of workforce-related services.

Upon Council approval and subsequent execution of a lease agreement, it is anticipated that renovations would be completed in order for occupation and service provision to commence in the new location by December 2015.

BUDGET IMPACT:

Funds for this lease are budgeted in the following Office of Workforce Development Workforce Investment Act accounts.

All funds to be utilized are US Department of Labor funds passed through the NC Department of Commerce. No General Revenue funds are requested:

216024332: Workforce Investment Act Dislocated Worker Fund

216024222: Workforce Investment Act Adult Fund

216024442: Workforce Investment Act Youth Fund

216024112: Workforce Investment Act Administration Fund

Based on total estimated operating costs to be paid under the proposed new lease with SN Properties Funding and the cost sharing agreement with the NC Department of Commerce, it is anticipated that the City would realize an annual savings of approximately \$40,000 over current costs.

RECOMMENDATION / ACTION REQUESTED:

It is recommended by the Office of Workforce Development, within the Executive Department, that City Council approve a lease agreement for 2301 W. Meadowview Road in the amount of \$341,090 annually for a period of ten years, with an option to terminate after five years, contingent upon final approval of the lease terms by the City's Legal Department.