

## Agenda Item 7

### Local Government Council: Invitation from the Business Alliance to share office space

The Lynchburg Regional Business Alliance has invited us to share office space in their new building at 300 Lucado Street in Lynchburg.

The space is smallish, but staff believes it is workable with some additional storage or offsite storage.

The Business Alliance has asked for the following terms:

1. \$15 per square foot
2. About \$6.00 of that amount is operational for utilities and grounds maintenance which will be adjusted annually up or down based on actual cost, pro-rated for the amount of space we use.
3. About \$9.00 is subject to a 3% increase per year
4. A 10 year lease with renewables
5. The Alliance would consider a lower offer, probably about \$2-\$3 lower, in consideration for the improvements we make to the facility
6. We would have unlimited use of the meeting rooms, based on scheduling and availability, at no additional charge.

Wiley Wilson Engineering has estimated \$400,000 in renovation costs. It's probably a high number and they're working on revising it. As #5 above indicates, we would be able to negotiate some discount in our rent rate in recognition of our improvements to the building.

The per square foot rate is higher at the Alliance, but our total monthly costs would be lower because we would not pay for common spaces like meeting rooms, shared hallways, restrooms. We would have to pay for the renovation costs from our reserves. The reserves could partially be restored through the discount offered in #5 above.

	Bank of the James	Alliance
Per Square Foot – FY 19	\$13.75	\$15
Space rented	6,063 sq. ft.	3,254 sq. ft.
FY 19 cost	\$82,457	\$48,810
10 Year Cost	\$973,225	\$573,436
Construction Cost		\$400,000
Construction discount @ \$2 to replenish the reserves over 10 years		\$74,607
Construction discount @ \$3		\$111,910
Construction discount @ \$4		\$149,214
Construction discount @ \$5		\$186,517
Construction discount @ \$6		\$223,821
Construction discount @ \$7		\$312,312

**Example Scenario at \$3 construction discount:**

10 Year Alliance Rental Cost:	\$573,436
Construction:	\$400,000
Rebate for construction	(\$111,910)
Ten year cost for Alliance building	\$861,526
Net savings over 10 years compared to BOJ	\$111,699
Net cost to reserves at 10 years	\$288,090

**Discussion Areas:**

- **Communications with the Alliance:** Would there be better communications if we shared a building?
- **Would there be negative perceptions** about our moving into a building owned by the former Lynchburg Chamber?

**Alternatives:** What are our choices?

**Participate in a consortium to build a new building for Workforce Development at CVCC and locate LGC offices there**

- Goal # 6 of the Region's Comprehensive Economic Development Strategy is to put a Workforce Development Center on CVCC campus
- Would serve the region's One Stop Center for WOIA services
  - Assistance to job seekers and employers now housed at the VEC
  - On the Job Training and Apprenticeship Programs
- The Community College's focal point for customized training to business community
  - Business services including pre-employment assessment, employee development, business consulting services
  - Now located in Merritt Hall
- The Small Business Development Center
  - Business Services including customized counseling and education for small businesses in the region
- Additional training, classroom and meeting space
  - Computer Labs
  - Classrooms
  - Conference rooms
  - Open industrial training space to provide flexible training space
  - Lecture hall seating 150-250
- Hampton, Virginia example
- Would be a significant economic development marketing tool to attract and retain businesses

- Would incorporate space for our offices to provide additional income stream for the building
- Would require financial support from Tobacco Commission and or other grant support
- Would likely take several years, and perseverance, to accomplish

This space would bring the entire workforce community together into one effective center for STEM, manufacturing and industrial training, career placement and skills development. The facility would tie the needs of the economic development community and the resources of the education community into one effective unit to serve the region.

**Different space, likely not downtown Lynchburg**

- Most downtown Lynchburg space is higher priced than the current \$13.60 we pay now.

**Lease or condo the current space**

- A longer term lease may give us a lower cost for the current space
- The landlord is willing to negotiate the sale of the floor in a condominium arrangement.

**Recommended Action:** Discussion