



LFUCG Property Assessment Subcommittee Interim Report – January 2021

Subcommittee of the Budget, Finance & Economic Development Committee

The purpose of the interim report is to provide the Budget, Finance, and Economic Development Committee an update as well as to let the community know the city is looking for solutions, which will likely require community partnerships. Of the recommendations in this report, the subcommittee would like to refer recommendations 1, 2, and 3 to the full committee while acknowledging the other recommendations that it continues to work on.

Included in the Interim Report

Subcommittee Members

Summary of Work

Recommendations

- A. Properties for surplus (recommendations 1 – 3)
- B. Properties to review for best use of space (recommendation 4)
- C. Other recommendations (recommendations 5-9)
- D. Continue on the current path (recommendations 10-12)
- E. Properties not recommended for sale or surplus

Subcommittee Members:

Amanda Bledsoe, 10th District – chair

Richard Moloney, At-Large

Steve Kay, Vice Mayor, At-Large

Bill Farmer, 5th District

Staff: Hilary Angelucci, Research Analyst

Summary of Work To Date

The subcommittee was appointed following a meeting of the Budget, Financial, and Economic Development Committee on September 22, 2020, after an initial presentation and discussion under the committee item – *assessment of LFUCG owned property for potential revenue and cost savings opportunities*; a referral made out of the FY2021 budget review process. The subcommittee was tasked with evaluating LFUCG properties to provide an initial assessment for revenue enhancement opportunities with the perspective of their best use moving forward.

The subcommittee established a set of evaluation criteria (ownership, occupancy, impact of surplus/disposal on services, short/long term financial impact, cost avoidance, and direct positive cash flow), which the members used to assess whether a property should be sold. Through a discussion of



seven questions, the property list was narrowed to 43 properties. After applying the evaluation criteria to the 43 properties, the subcommittee then discussed each one, taking into consideration factors such as its current use and community benefit and value. Ultimately, it was not recommended to sell 29 of those properties at this time.

You will find initial recommendations specific to individual properties and categories of properties in this interim report.

Recommendations:

Before the subcommittee began to assess the narrowed list of properties it determined all active Fire facilities, waste and storm water treatment properties, the Fayette County Detention Center, Waste Management facilities, and Parks and Recreation greenspace (including golf courses and aquatic centers) did not need further assessment by the subcommittee.

A. Properties recommended for surplus

1.	Arts Place (161 N. Mill St.)	(1) Work with LexArts to explore their interest in ownership; if this is not an option, sell the property. (2) Explore alternative space options for the existing organizations to avoid displacement. NOTE: the transfer of ownership to LexArts was explored before the pandemic
2.	Morton House/the Nest (530 N. Limestone)	Explore selling the property to the Nest who are the current occupants of the facility while preserving as much of Duncan Park as possible; reevaluate if that doesn't work. NOTE: the use of CDBG funds was mentioned as an idea
3.	Old Fire Station #2 (415 E New Circle Rd.)	Sell the property.



B. Review for Best Use of Space:

4.	Administration review the properties listed below [<i>Section B, Lists 1 and 2</i>] for opportunities to maximize space with consideration of their best use and to make any recommendations that would allow the city to sell or lease these properties; consider: <ul style="list-style-type: none">• Are we using the space efficiently and with an appropriate use to ensure it is maximized the right way• Look at what we have differently to maximize its benefit to the community and/or decrease costs to the city	
4. a.	Lyric Theater	In recognition of maintaining the property as a community asset and LFUCG's need to reduce its contribution, it is recommended that the Lyric Theatre explore how to better maximize revenue. NOTE: space consolidation opportunities for the arts and speaking with the board were mentioned in this discussion
4. b.	Other Park Buildings and Neighborhood Centers	Both the administration and the Parks Advisory Board review properties in <i>Section B, List 2</i> . NOTE: Many park facilities are located in low-income areas; neighborhood centers have a lot of challenges with operations and programming

Section B, List 1

- Artworks at Carver School
- Aubrey Grevious Center
- Black & Williams Center
- Charles Young Center
- Coleman House
- Coroner's Office
- Dunbar Community Center (Parks Rec. Offices)
- Family Care Center
- Fleet Services
- General Services Building
- Government Center
- Government Center Annex
- HANDS (FCC Annex)
- Kenwick Community Center
- Lyric Theater (notes below)
- Operational Adjustment Center
- Phoenix Building
- Police, Headquarters
- Police, K9 Building
- Police, Safety City
- Police, Technical Services
- Police, Training Center
- Police, West Sector Roll Call
- PSOC
- Recycling Center – MRF
- Senior Citizens Center
- Streets & Roads, Bldg. 1
- Streets & Roads, Bldg. 2
- Streets & Roads, Salt Barn
- Streets & Roads, Sweeper Building
- Switow Building
- Versailles Rd. Campus, Building 1
- Versailles Rd. Campus, Building 2
- Versailles Rd. Campus, Building 3
- Waste Management



Section B, List 2 (other park buildings and neighborhood centers)

- Castlewood Community Center
- Loudoun House
- Neighbor Centers: ↓ →
 - Coolavin
 - Douglas
- Gainesway
- Green Acres
- Highlands
- Lou Johnson
- Marboro
- Martin Luther King
- Meadowthorpe
- Oakwood
- Valley
- Whitney Young
- Woodhill
- Picadome

C. Other Recommendations:

5.	Carnegie Center	Initiate a conversation with the Lexington Public Library to identify options for the Carnegie Center and include Transylvania University because of their past interest in the property. NOTE: LFUCG leases the facility, which is owned by the Library, as part of the settlement agreement related to the tax revenue case
6.	Downtown Arts Center	Pursue ownership of the building from the state. NOTE: there are anticipated and necessary capital improvements, which is not recommended for a facility that the city doesn't own; the space provides potential consolidation options
7.	Police Mounted Patrol	Discuss with Police what relocation options may be feasible for the Mounted Police and get a general estimate for the value of the property.
8.	Bell House	(the property is under review; the administration is collecting additional information about the property)
9.	Leased Facilities	Administration review all current leases with divisions that are leasing space for the purpose of either (1) confirming each current lease is the best option or (2) to explain why a change of space may be better.



D. Continue on the current path:

10.	Kentucky and State Theatre	Continue to maintain the facilities while pursuing a public-private partnership for management and better use; if that doesn't work then consider this review again. NOTE: Friends of the Kentucky Theater have made significant investments in the facility
11.	Palmer Building	In recognition of recent efforts to find a solution for this property and the community's needs, continue searching for a solution.

E. Properties Not Recommended to Sell (at this time)

The Division of General Services provided the subcommittee with a list of recommendations to consider while completing its assessment of the narrowed list of properties. These recommendations are listed below [Section E, List 1]. The subcommittee supports these recommendations.

Section E, List 1

Downtown Buildings - Government Center, Government Center Annex, Phoenix Building, Switow, Police HQ NOTE: All buildings are occupied by LFUCG operations as well as constitutional offices (PVA, County Clerk,...). The future of these buildings will be impacted by separate discussions as to the future of the Government Center (Estimated \$90M-\$100M).
Red Mile Campus - Audrey Grevious Center, Family Care Center, Family Care Center Annex (HANDS), Safety City, PSOC, Coleman House NOTE: Except for the PSOC, Safety City, and half of the Family Care Center Facility (UK Pediatrics Clinic), all of the buildings noted are occupied fully by Social Services operations. Due to the layout of the campus, the sale of any properties will cause an adverse effect on the operation and nature of the entire campus. Not to mention the cost associated with constructing/purchasing another building at other locations for the continuity of services to the community (Estimated \$33M-\$35M).
Streets & Roads Complex - Building 1, Building 2, Salt Barn, Storage Building NOTE: There are no advantages to be gained financially or operationally by the sale of any properties on this complex. Due to the nature of its operation and the amount of open space needed for the vehicles and equipment, the cost to recreate the same complex somewhere else will be cost-prohibitive (Estimated \$8M-\$10M).
General Services Complex - General Services Building, Traffic Engineering Operational Center, Facilities Management Storage Building NOTE: Fully occupied by Facilities Management, Streets & Roads Administrative Group, Traffic Engineering Operations Center and storage for material and supplies, the sale of any or all



General Services Complex [continued] properties will have an adverse effect on the operation of the three divisions currently residing at this location. The property might generate some cash but it will be greatly overshadowed by the cost to relocate all of the current tenants (Estimated \$7M-\$8M).
Furrows Complex - Building 1, Building 2, Building 3 NOTE: The campus is occupied by Global Lex, Credit Union (tenant), Bluegrass Clinic (tenant), County Clerk Archive (constitutional office), County Clerk voting machine Operational Center (constitutional office) in building The recreation of the needed space for the current occupant (less Clinic and Credit Union) is estimated around \$8M-\$9M. Building 2 houses the E-Waste and Surplus Storage areas relocation of which will cost around \$3M-\$4M. Building 3 is occupied as storage by the Traffic Engineering, Waste Management, Recycling Center, and Environmental Quality Operation. Relocating their operations may cost LFUCG around \$4M-\$5M.
Coroner's Office NOTE: Constitutional office. Due to the nature of its operation, no other suitable relocation can be found. The current property's commercial value will be much less than any estimated relocation cost of \$2M-\$3M.
Byrd Thurman Complex - Fleet Management Operation, Police Units Parking, Waste Management HQ, Waste Management Equipment Storage Barns, CNG Fueling Station, Police K9 Operations Center NOTE: Fully occupied by LFUCG operational divisions, potential relocation expenses at \$65M-\$70M will surpass any financial gains due to the sale of the property.
Police West Sector Complex - Police West Roll Call, Police Training Center NOTE: Fully occupied, the potential relocation of this operation will cost an estimated \$10M-\$11M easily surpassing any potential revenues due to the sale of the property.
Police Technical Campus - IT/Technical Operation, Fit-up Center for Police Units, Police Equipment Storage Center NOTE: Potential relocation cost is around \$3M-\$4M. Low commercial value due to its location and zoning.
Waste Management Recycling Center NOTE: Fully utilized as a recycling plant. Recently received such upgrades as lighting, limited heating, and the additional/replacing of major machinery. The replacement cost could be as high as \$35M-\$40M.
Senior Citizens Center NOTE: Due to its popularity, the center could easily add another 50% to 60% space just to meet the current demand for services.