



City of Coral Gables
CITY COMMISSION MEETING
September 28, 2021

ITEM TITLE:

Ordinance on Second Reading. An Ordinance of the City Commission of the City of Coral Gables authorizing entering into a Purchase and Sale Agreement (the “PSA”), as amended, for the sale of the City-owned surface parking lot (#31) at 350 Greco Avenue, Coral Gables, FL 33134 (Folio No. 03-4120-017-2240) to JRFQ Holdings, LLC, a Delaware limited liability company; providing for a severability clause and providing for an effective date.

DEPARTMENT HEAD RECOMMENDATION:

Approval

BRIEF HISTORY:

The City (the “Seller”) owns a surface parking lot at 350 Greco Avenue, Coral Gables, FL 33134 (Folio No. 03-4120-017-2240) (the “Lot 31”).

On December of 2018, the City received a letter from BF Group, LLC, represented by Lester Garcia and Jose Boschetti. BF Group LLC was purchasing the two adjacent lots located South of Lot 31 and was interested in acquiring the lot as an aggregate site for a development project.

In May of 2019, the City was approached by ZOM Living who controlled several parcels to the East of Lot 31. ZOM was designing an Assisted Living Facility and was also interested in acquiring Lot 31 as an aggregate site for their project.

On May 14, 2019, the City Commission, pursuant to Resolution No. 2019-103, directed the City Manager to evaluate options for the sale and/or development of Lot 31 and provide recommendations to the City Commission on how to achieve those options.

After holding a meeting with the City on May 22, 2019, ZOM decided to proceed with their project as designed using only the lots to the East of Lot 31.

In December of 2019, the City was again approached by BF Group LLC representatives Mr. Garcia and Mr. Boschetti, who expressed an interest in purchasing Lot 31 from the City.

In February of 2020, Pursuant to Sec. 2-1092 of the Division 12- Purchase, Sale, and Lease of Public Property of the City Code, the City contracted Waronken & Rosen, Inc. for an appraisal of Lot 31.

The City’s Planning and Zoning Department had provided the owners of the two (2) adjacent lots with a zoning verification letter for the lots. The City’s Planning and Zoning Department also issued a zoning verification letter for Lot 31 and both zoning verification letters were provided to the appraiser.

On October 16, 2020, Mr. Garcia from BF Group, LLC forwarded the City a Purchase and Sale Agreement (the “PSA”) for Lot 31 from JRFQ Holdings, LLC (the “Purchaser”) for \$3,500,000. BF Group, LLC had sold their interest in the two adjacent lots to another entity who also had members in common with JFRQ Holdings.

The PSA became effective on February 8, 2021, at which time, the City, pursuant to Sec. 2-1092 of the City Code, contracted Quinlivan Appraisal PA, for a second appraisal of Lot 31.

The summary of the appraisals completed by MAI certified appraisers’ Waronker & Rosen, Inc. and Quinlivan Appraisal, PA are as follows:

Date	Appraiser	SF	PSF	Appraised Value
7/13/20	Waronker & Rosen, Inc.	13,343	\$251.06	\$3,350,000
2/10/21	Quinlivan Appraisal, PA	13,343	\$264.18	\$3,525,000

Lot #31 Property Information:

- Folio No. #03-4120-017-2240.
- Legal Description: Lot 8 thru 12, Block 16 Coral Gables Industrial Section.
- Lot Size of 13,343 sq. ft. (0.31 acres).
- Future Land Use Classification: Commercial, Low-Rise Intensity.
- Lot 31 is in the Commercial (C) Zoning District and is also within the limits of the South Industrial Mixed-Use District (MXD) overlay.

Original PSA Proposed Terms:

- Purchase Price: \$3,500,000
- Per Sq. Ft Price: \$262.31
- The Purchaser is a private entity which is looking to further improve Lot 31 with the building of an overall project (the “Purchaser’s Improvements”) using Lot 31 and the two (2) adjacent lots to the south of Lot 31.
- As additional consideration, the Purchaser’s subsequent Purchaser’s Improvements project, which will be subject to the City’s project approval process, will include a parking garage where thirty-four (34) parking spaces (the “Public Parking Spaces”) that will be located outside of any restricted parking areas within the garage and be positioned to always be accessible to the public.
- The required parking spaces needed to meet the City of Coral Gables’ project approval for the Purchaser’s Improvements shall include the Public Parking Spaces.

- The Purchaser's Improvements project's parking garage will be controlled solely by the Purchaser, who will charge parking fees, with parking revenues being the sole property of the Purchaser.
- The Seller will not be required to pay any fees for the use and enjoyment of the Public Parking Spaces.
- The Purchaser and Seller will enter into a Management Agreement for the surface parking lot Property on or after the closing date through the date on which construction begins on the Purchaser's Improvements with the parking fees/revenues derived during that period being equally divided between the Purchaser and the Seller.
- The Purchaser provided a \$100,000 deposit.
- There was no Broker involvement.
- The Sale is contingent on City Commission approval.
- The closing will occur fifteen (15) days after City Commission approval.

City staff concurs that given both appraisers' opinion of value, the \$3,525,000 purchase price is within the appraised market value range for Lot 31.

The sale and subsequent Purchaser's Improvements of the property would provide the opportunity for Lot 31 to become part of a high-quality project in a highly visible location, by and near major streets such as LeJeune Road, Bird Road, and Ponce de Leon Boulevard, which is well within an area that the City has an interest in activating. As such, and subsequent proposed use/development project of Lot 31 will further the City's economic development goals and objectives.

The sale of Lot 31 will result in a \$3,525,000 revenue increase which will be reflected in the FY20-21 City Budget. The proceeds from the sale will be earmarked to fund existing capital projects, including the construction of Garage #7.

The sale of Lot 31 will thus have a long-term positive effect on City services and provide additional parking and tax revenue to the City, which City staff estimates will surpass the amount of parking revenue that is currently being generated by the surface parking lot.

The Property Advisory Board, the Parking Advisory Board, the Budget and Audit Advisory Board, and the Economic Development Board, all reviewed the proposed terms and recommended that the City enter into the PSA at their meetings on March 10, March 25, March 31, and April 7, 2021, respectively.

On May 11, 2021, the City Commission adopted the ordinance on first reading with a vote of 5-0. On May 14, 2021, pursuant to the City Commission's direction provided at the May 11, 2021 Commission meeting, the City issued the First Amendment to the PSA.

The purpose of the First Amendment was to include a restrictive covenant that shall run with the land to bind the Purchaser and any successor-in-interest as follows:

- The Public Parking Spaces shall:

- be available to the public at all times.
 - be maintained by Purchaser at a standard equivalent to other municipal parking garages in the City at purchaser's sole cost and expense.
 - include signage indicating the location of the Public Parking Spaces within the Purchaser's Improvements project.
 - include a certain number of handicapped parking spaces, as required by applicable law.
 - include eight (8) individual electric vehicle charging stations within the Public Parking Spaces in addition to the City's Code of Ordinances' electric vehicle charging requirement which mandates that new construction include a minimum of two percent (2%) of the required off-street parking spaces.
- All electric vehicle charging stations installed at Purchaser's Improvements project shall have a minimum charging level of AC Level 2.
 - The parking fees charged for the public's use of the Public Parking Spaces shall not exceed the lesser of:
 - twenty-five percent (25%) over the maximum parking fee rates charged by the City of Coral Gables; and
 - the maximum parking rate charged at City of Coral Gables privately-operated lots.

On May 25, 2021, the Vice Mayor recused from voting and the City Commission moved to reconsider the motion to adopt the ordinance on first reading. The motion to reconsider passed (Resolution No. 2021-85) and after further staff presentation, public comment, and discussion, the City Commission voted 4-0 to re-adopt the ordinance on first reading.

On May 28, 2021, pursuant to the City Commission's direction provided at the May 25, 2021- Commission meeting, the City issued the Second Amendment to the PSA (the "Second Amendment"). The purpose of the Second Amendment was to modify terms of the PSA as follows:

- The Purchase Price for Lot 31 shall be \$3,525,000.
- If the Commission Approval is not obtained by June 30, 2021 (the "Commission Approval Period"), this Agreement shall be deemed to be terminated and the Deposit shall be returned to Purchaser, unless the parties agree to extend the Commission Approval Period.

The purpose of the Second Amendment was also to modify and the restrictive covenant that shall run with the land to bind the Purchaser and any successor-in-interest as follows:

- The Public Parking Spaces shall be located on the first level of the lowest elevated parking deck within the Purchaser's Improvements.
- The parking fees charged for the public's use of the Public Parking Spaces shall not exceed the maximum parking rate charged by the City of Coral Gables at

public parking lots.

- Seller shall not be required to pay any fees for the use and enjoyment of the Public Parking Spaces.

On June 17, 2021, pursuant to the City Commission’s direction provided at the June 8, 2021- Commission meeting (Resolution No. 2021-163) the City issued the Third Amendment to the PSA (the “Third Amendment”) to extend the deadline for Commission approval of the PSA, as amended, until September 30, 2021.

On July 13, 2021, pursuant to Resolution No. 2021-196, the City Commission directed the City Manager to follow additional requirements in Section 2-1091 of the City's Procurement Code for the sale of Lot 31 and City Staff complied as follows:

- On July 16, 2021, Lot 31 was advertised “For Sale” for sixty (60) days in the Daily Business Review, the CoStar real estate marketing internet site, and placed a “For Sale” sign placed on the property.
- City staff kept a log of all inquiries received regarding the sale of Lot 31 and provided a copy of the “For Sale” advertisement to the five (5) inquiries that were received.

On September 16, 2021, at the close of the 60-day advertising period, no other offers had been received by the city for the purchase of Lot #31. Therefore, pursuant to Resolution No. 2021-196, the City Manager provided a Memorandum of Recommendation to proceed to place the Purchaser’s PSA, as amended, on the September 28, 2021, City Commission Agenda for approval on Second Reading. City Staff recommends approval.

At Purchaser’s Request, Fourth Amendment to the PSA, to extend the closing date to November 12, 2021, has been drafted for consideration

Pursuant to Section 2-1097 of the Division 12- Purchase, Sale, and Lease of Public Property of the City Code, the item’s approval requires a four-fifths vote because the sale exceeds \$1,000,000. Pursuant to Section 2-1089, the City Commission has the authority to waive any condition imposed by the provisions of Division 12 of the Code that may not have been technically followed upon a four-fifths vote where it finds such a waiver to be necessary in order to proceed with a purchase, sale, or lease which is in the best interest of the City.

LEGISLATIVE ACTION:

Date.	Resolution/Ordinance No.	Comments
05/14/2019	Resolution No. 2019-103	Evaluate Options for Sale
05/25/21	Resolution No. 2021-85	Reconsider First Reading Ordinance
06/08/21	Resolution No. 2021-163	Defer Second Reading

07/13/2021	Resolution No. 2021-196	Follow Sec. 2-1091 Procurement Code
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ADVISORY BOARD/COMMITTEE RECOMMENDATION(S):

Date.	Board/Committee	Comments
03/10/21	Property Advisory Board	Recommended sale 4 out 6 votes
03/25/21	Parking Advisory Board	Recommended sale unanimously
03/31/21	Budget Advisory Board	Recommended sale unanimously
04/07/21	Economic Development Board	Recommended sale unanimously

FINANCIAL INFORMATION: (If Applicable)

No.	Amount	Source of Funds
N/A	\$3,525,000	Sale of Property – Parking Fd – 460-364-100

ATTACHMENT(S):

1. Draft Ordinance.
2. Purchase and Sales Agreement.
3. First Amendment to Purchase and Sale Agreement.
4. Second Amendment to Purchase and Sale Agreement.
5. Third Amendment to Purchase and Sale Agreement.
6. Fourth Amendment to Purchase and Sale Agreement.
7. Final minutes from the Property Advisory Board meeting of March 10, 2021.
8. Final minutes from the Parking Advisory Board meeting of March 25, 2021.
9. Final minutes from the Budget/Audit Advisory Board meeting of March 31, 2021.
10. Final minutes from the Economic Development Advisory Board meeting of April 7, 2021.
11. Appraisal by Waronker & Rosen, Inc.
12. Appraisal by Quinilvan Appraisal, PA.
13. “For Sale” Sign placed at Lot 31 on July 16, 2021
14. “Advertisement” placed in the Daily Business Review on July 16, 2021.
15. Log of Inquiries Received by the City July 16-September 16, 2021.
16. City Manager Recommendation to Proceed Memorandum