



City of Coral Gables
CITY COMMISSION MEETING
March 12, 2019

ITEM TITLE:

A RESOLUTION APPROVING THE GENERAL BUSINESS TERMS AND AUTHORIZING THE CITY MANAGER AND CITY ATTORNEY TO NEGOTIATE A DEVELOPMENT AGREEMENT WITH CORAL GABLES CITY CENTER, LLC (CGCC) FOR THE REDEVELOPMENT OF MUNICIPAL PARKING GARAGES 1 AND 4 (G1 AND G4) IN WHICH CGCC PROPOSES A PUBLIC PRIVATE-PARTNERSHIP TO PROVIDE AN IMPROVED PARKING STRUCTURE WHERE THE CITY WILL RETAIN OWNERSHIP AND/OR CONTROL OF THE PUBLIC PARKING COMPONENT IN G1 AND ALLOW CGCC TO BUILD A RESIDENTIAL MIXED-USE PROJECT IN G4 COMPATIBLE WITH THE SURROUNDING NEIGHBORHOOD. *(This resolution requires a 4/5 vote because of the value; if an agreement is reached with CGCC an ordinance will come back to City Commission for two readings)*

DEPARTMENT HEADS' RECOMMENDATIONS:

The Economic Development Department, Planning and Zoning Department, and Parking Department will present their recommendations to the City Commission at the meeting.

BRIEF HISTORY:

For several years, the City of Coral Gables has been interested in pursuing the redevelopment of Municipal Parking Garages 1 and 4 (the "Garages"), with a focus on the following key objectives:

- Replace what are currently two obsolete parking garages that have operational deficiencies, with new state-of-the-art parking garages (above and beyond recent cosmetic improvements).
- Provide public parking spaces to meet the future needs of Downtown businesses.
- Introduce appropriately scaled mixed uses that would include a variety of retail and residential units onto Andalusia to support the City's goals for a vibrant, walkable Downtown. Pursue a holistic approach to these objectives that balances parking, planning, design, economic development, community and financial considerations.

To achieve these objectives, the City Commission approved Resolution No. 2013-91, dated May 28, 2013 authorizing a Request for Proposal (RFP) for the redevelopment of Municipal Parking Garages 1 and 4. On May 27, 2014, through Resolution No. 2014-102, the City Commission authorized staff to issue Phase I of a request for proposal (RFP). On January 26, 2016, the City Commission approved Resolution No. 2016-30 inviting all five proposers that responded to Stage I of the RFP to submit more detailed proposals in response to Stage II of the RFP; as authorized by Resolution No. 2016-32.

An Evaluation Committee composed of several City boards evaluated the proposals and along with staff recommended contract negotiations with CGCC. The City Commission did not approve any of the proposals submitted under the RFP. However, in accordance with Resolution 2017-23, dated January 24, 2017, the City Commission authorized negotiations with CGCC for a period of up to six (6) months, and providing the City Manager the authorization to extend for up to an additional six (6) months. Should those negotiations fail, Staff was authorized to negotiate with the second ranked firm, TC Gables, LLC, for an additional period of up to six (6) months. The City has and continues to reaffirm its right to pursue alternative courses of action.

The six (6) months negotiation period started on November 6, 2017 to allow CGCC and Staff to negotiate terms by May 5, 2018. Staff provided an update to the City Commission on February 27, 2018 and, three

public workshops followed, (June 4, August 27, and September 18, 2018) to provide the City Commission with an update on the status of negotiations. In addition, the City had a workshop discussing the demand and supply of public parking in the Central Business District on September 11, 2018, and Sunshine meetings on September 21, November 9 2018; December 13, 2018; January 14, 2019; and March 6, 2019 to further understand the details of the proposals. Staff also had several negotiation sessions with the developer; these various communications resulted in the City Manager granting incremental extensions up to November 5, 2018 under the City Manager’s authority and bring forth an agreement to City Commission for consideration. On October 23, 2018, the City Commission adopted Resolution 2018-284 authorizing a nine-day extension, on November 13, 2018 the City Commission adopted Resolution 2018-291 to extend negotiations until January 23, 2019, and on January 22, 2019 the City Commission adopted Resolution 2019-59 to allow Staff time to finalize negotiations by March 13, 2019. The approval will take into consideration the following main project attributes:

1. Number of public parking spaces.
2. Size of the project.
3. Ownership structure (e.g. City to own public parking).
4. Project financing (e.g. City obligation to pay debt service).

CGCC proposed the following general business terms for the City Commission’s consideration, as a basis for entering into a development agreement for the Garages:

Parking

The minimum number of public parking spaces owned by the City as part of the public-private partnership (P3) is 750 spaces. The City currently owns and operates 630 parking spaces as part of the existing Garages 1 and 4 within the 2 - three floor parking structures built in 1962 and 1955, respectively. The 750 spaces will be City-owned and controlled in Garage 1. In addition, CGCC will provide 400 private spaces for the residents of their project. The public spaces will be managed by the City in a manner and practice consistent with, and typical of, Class A office, residential and retail space and the private spaces will be managed by CGCC for their exclusive use.

	G1		G4		Total		Surplus/ (Deficit) Spaces	
	Required	Provided	Required	Provided	Required	Provided		
Residential	-	-	411	400	411	400	(11)	
Retail Spaces	67	-	60	-	127	-	(127)	
Total Private	67	-	471	400	538	400	(138)	
Public Parking	-	750	-	-	-	750	750	
			Private Retail absorbed in Public System					(127)
			Net public parking					623

The City’s Parking Director has determined the 750 public spaces will meet the City’s day time. As part of the negotiations the City allowed the parking requirements of retail component to be absorbed into the public system. The income generated from the public parking will go to the City and income from the CGC-owned public spaces will go to CGCC. CGCC projects the cost to build the garage structure at \$23.2 million and the City’s estimated cost is \$27.2 million:

CGCC's Public Parking Construction Cost

	CGCC Cost 750 Spaces	City Built 750 Spaces
City-owned Parking (Hard & Soft Cost)	\$21,251,340	24,150,000
Smart Parking/Demo	642,000	642,000
Direct City-owned Parking Cost	\$21,893,340	24,792,000
Direct Cost Per Space	\$29,191	\$33,056
Financing Cost	1,272,882	2,397,000
Total City-owned Parking Cost	\$23,166,222	27,189,000
Total Cost Per Space	\$30,888	\$36,252

Size of the Project

Garage 1:

- FAR of 0.57
- Retail (ground floor) size 20,000 SF (ground floor)
- 750 public parking spaces (8 floors)
- Building height 97.4'

Garage 4:

- FAR of 6.38
- 245 Private residential units (9 floors)
- Retail 18,000 SF (ground floor)
- 400 private parking spaces (3 floors)
- Building height 141'

In accordance with CAO 2018-032, the two sites may be combined and developed as either a Planned Area Development (PAD) or Mixed-Use Project as they fit the definition of a “contiguous unified parcel” under the Zoning Code. CGCC is requesting the Mixed-Use option. By combining the non-adjacent sites for purpose of a site plan, CGCC’s blended FAR is 4.12.

The City Attorney will be issuing an opinion on the allowance of a PAD or Mixed-Use Project with the City owning one lot and CGCC owning the other. All further details will be negotiated as part of the Development Agreement and the Declaration, if and when, the City Commission approves the general terms established within.

	Garage 1			Garage 4			Total		
	Land SF	Bldg SF	FAR	Land SF	Bldg SF	FAR	Land SF	Bldg SF	FAR
Garages	34,941	20,000	0.57	55,000	351,000	6.38	89,941	371,000	4.12

The City allows up to 3.5 Floor to Area Ratio (FAR) with Mediterranean bonus and 4.375 FAR with Transferrable Development Rights (TDR’s). CGCC is requesting the City provide approximately 56,500 SF of City-owned TDR’s towards this Project. The City can transfer TDR’s at its discretion. Below is another view of the FAR broken out by Mediterranean bonus (3.5 FAR) and TDR’s (4.12 FAR):

		FAR		Total
		Including Med Bonus	City TDR's	
City Land	Square Feet	3.5	upto .875	4.12
G1 Land	34,941	122,294	8,381	130,675
G4 Land	55,000	192,500	48,125	240,625
Total CG Land	89,941	314,794	56,506	371,300

Ownership:

CGCC proposes that the Project be structured as a fee simple interest so that the City may maintain ownership of the Garage 1 public municipal garage spaces (the "Public Component"), and CGCC will have the right to lease the 20,000 SF of ground floor retail at \$10.00 a month for 30 years and shall have a lease buyback option if the City decides to use the building for another purpose.

CGCC would maintain fee simple ownership of G4 (the "Private Component").

In accordance with Section 2-1092 of the Procurement Code, the City ordered two appraisal at the time the RFP was issued and has received an update in August, 2018.

Aug-18	G1	G4	Total
Value of Development Rights Conveyed by City			
Land Base @ 3.5 FAR	\$1,700,000	\$16,363,000	\$18,063,000
Land TDR's .875 TDRs to achieve 4.128 from Land base	-	6,352,000	6,352,000
Value of sites being Conveyed	\$1,700,000	\$22,715,000	\$24,415,000

Financing:

As mentioned above, CGCC's estimated cost for development of the Public Component is \$23.2 Million while the City's cost to build would be \$27.2 million. The value of the Garages at 4.12 FAR is \$24.4 Million (which includes \$6.4 Million of TDR's). CGCC is requesting the City portion of the impact fees be reimbursed and the City permit fees be waived for a total amount of \$3.36 million. Staff has projected the real estate taxes due to the City for the CGCC's private use of \$460,000 annually. CGCC is requesting an annual increment payment of \$250,000 due from the City as a result of building the Garage in exchange the development rights. An analysis of the total value being conveyed to CGCC vs. what is being received is as follows:

	G1	G4	Total
Value of Development Rights Conveyed by City			
Land Base @ 3.5 FAR	\$1,700,000	\$16,363,000	\$18,063,000
Land TDR's .875 TDRs to achieve 4.128 from Land base	-	6,352,000	6,352,000
Value of sites being Conveyed	\$1,700,000	\$22,715,000	\$24,415,000
City Impact Fee Reimb. & Permit Waiver	181,000	3,179,000	3,360,000
Total Value after Impact/Permit fees	\$1,881,000	\$25,894,000	\$27,775,000
NPV of City's Increment Payment	4,279,000	-	4,279,000
Total Value being provided to CGCC	\$6,160,000	\$25,894,000	\$32,054,000
Cost to Construction			
Demo/Design/Hard & Soft Cost	\$24,791,000	-	\$24,791,000
Smart Parking	-	-	0
Public Financings	2,397,000	-	2,397,000
Total Value being provided by CGCC	\$27,188,000	\$0	\$27,188,000

Summary:

The Parking Department has determined 750 public parking are sufficient to meet the City's parking demand. The City's cost to construct the public component on its own (\$27.2 Million) is less than the value being given to CGCC for the development rights, the impact fee reimbursement, permit fee waiver, and net present value of the payment CGCC is requiring from the City (\$32.1 Million). CGCC is requesting a mixed used residential tower and with a blended FAR of 4.12 within the allowed height (max is 190') be built in exchange for providing the City with 750 City-owned parking spaces with an annual payment of \$250,000 with 2% escalations from the City. Staff has reviewed the proposal and requests the City control the ground floor retail in the Public Component or CGCC waive the \$250,000 annual payment as part of its review of the deal terms presented in the attached Letter of Intent and authorize the City Manager and City Attorney to negotiate a Development Agreement that sets forth all the pertinent details including but not limited to control of the sites. The Development Agreement will then be brought to the City Commission for two reading and will require a super majority vote.

LEGISLATIVE ACTION:

Date	Resolution/Ordinance No.	Comments
May 28, 2013	Resolution No. 2013-91	Approved RFP Consultant
May 27, 2014	Resolution No. 2014-102	Authorized Issuance of RFP, Stage I
January 26, 2016	Resolution No. 2016-30	Invited Proposers to Participate in Stage II of RFP
January 26, 2016	Resolution No. 2016-32	Authorized Issuance of RFP, Stage II
January 24, 2017	Resolution No. 2017-23	Approved negotiations with CGCC
October 23, 2018	Resolution No. 2018-284	Approval of negotiation extension period
November 13, 2018	Resolution No. 2018-291	Approval of negotiation extension period
January 22, 2019	Resolution No. 2019-59	Approval of negotiation extension period

ADVISORY BOARD/COMMITTEE RECOMMENDATION(S):

Date	Board/Committee	Comments
08.04.16 & 12.01.16	Parking Garage RFP Evaluation Committee	Recommended approval of top ranked proposer, Coral Gables City Center, LLC

ATTACHMENT(S):

1. Draft Resolution
2. CGCC's proposed business terms
3. CAO Opinion October, 2018
4. Waronker & Rosen Appraisal: 8-13-18
5. CGCC's attorney, Greenberg Traurig, memo on vertical subdivision