



**City of Coral Gables  
CITY COMMISSION MEETING  
January 22, 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 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 AND BUILD A RESIDENTIAL AND OFFICE MIXED-USE PROJECT 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 reaffirms 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 21st, November 9<sup>th</sup>, December 13<sup>th</sup> and January 14<sup>th</sup>, 2018 to further understand the details of the project. 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 and on November 13 the City Commission adopted Resolution 2018-291 to extend negotiations until January 23, 2019 to allow Staff time to finalize negotiations. 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 620 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 620 spaces will be City-owned and available during the day and night. In addition, CGCC will provide 320 of their private spaces for public use at nights and weekends for a total of 940 night time public spaces. The public and private spaces will be managed by the City in a manner and practice consistent with, and typical of, Class A office, residential and retail space.

	Garage 1			Garage 4			Total G1 & G4 Public Parking		
	Total			Total			Total		
	City- owned	Developer- owned	City & Developer	City- owned	Developer- owned	City & Developer	City- owned	Developer- owned	City & Developer
<b>Daytime</b>	430	-	<b>430</b>	190	-	<b>190</b>	620	-	<b>620</b>
<b>Night time</b>	430	320	<b>750</b>	190	-	<b>190</b>	620	320	<b>940</b>

The City’s Parking Director has determined 620 public spaces will meet the City’s day time and the 940 public spaces will meet the current and projected parking needs, as stated by the Parking Director at a prior commission meeting. The Parking Director believes shifting/reducing permit parkers to other parking locations would allow the 620 spaces to accommodate projected short-term parking demand at all times in the Garages. The income generated from the public parking will go to the City and income from the CGCC owned public spaces will go to CGCC. CGCC projects the cost to build the garage structure at \$32,145,000 which includes:

### CGCC's Public Parking Construction Cost

			CGCC Cost	
City owned Public Parking			620 Spaces	
Shared Parking	G1	G4	Total	Per Space
City-owned Parking	\$15,836,051	\$7,729,791	<b>\$23,565,842</b>	\$38,009
Financing Cost	800,949	278,209	<b>1,079,158</b>	1,741
<b>Total City-owned Parking Cost</b>	<b>\$16,637,000</b>	<b>\$8,008,000</b>	<b>\$24,645,000</b>	<b>\$39,750</b>
Paseo Acquisition & Improvement Cost	4,000,000	3,000,000	<b>7,000,000</b>	11,290
Alley Improvements	250,000	250,000	<b>500,000</b>	806
<b>Total Non-Direct Parking Cost</b>	<b>\$4,250,000</b>	<b>\$3,250,000</b>	<b>\$7,500,000</b>	<b>\$12,097</b>
<b>Total Parking Cost before Developer's share</b>	<b>\$20,887,000</b>	<b>\$11,258,000</b>	<b>\$32,145,000</b>	<b>\$51,847</b>
Cost of Developer spaces used for Public Parking	4,280,000	-	<b>4,280,000</b>	6,903
<b>Total Parking Cost</b>	<b>\$25,167,000</b>	<b>\$11,258,000</b>	<b>\$36,425,000</b>	<b>\$58,750</b>

#### Size of the Project

##### Garage 1:

- FAR of 3.09\*
- Private offices of approximately 117,000 SF (6 floors)
- Retail (ground floor) size 8,100 SF (ground floor)
- 320 private & 430 public parking spaces (8 floors)
- Building height 178'

##### Garage 4:

- FAR of 5.12\*
- 246 Private residential units (10 floors)
- Retail 12,800 SF (ground floor)
- 375 private 190 day/163 night public parking spaces (4 floors)
- Building height 164'

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; CGCC will pursue the latter option. \*By combining the non-adjacent sites for purpose of a site plan, CGCC's blended FAR is 4.375.

	Land SF	Bldg SF	FAR	Land SF	Bldg SF	FAR	Land SF	Bldg SF	FAR
<b>Garages</b>	34,941	125,077	<b>3.58</b>	55,000	346,102	<b>6.29</b>	89,941	471,179	<b>5.24</b>
<b>Lot 43</b>	2,500	-	-	-	-	-	2,500	-	-
<b>Paseos</b>	3,000	-	-	3,000	-	-	6,000	-	-
	<b>40,441</b>	<b>125,077</b>	<b>3.09</b>	<b>58,000</b>	<b>346,102</b>	<b>5.97</b>	<b>98,441</b>	<b>471,179</b>	<b>4.79</b>
<b>Miracle Mile Retail</b>	-	-	-	12,000	12,000	<b>1.00</b>	12,000	12,000	<b>1.00</b>
<b>Totals</b>	<b>40,441</b>	<b>125,077</b>	<b>3.09</b>	<b>70,000</b>	<b>358,102</b>	<b>5.12</b>	<b>110,441</b>	<b>483,179</b>	<b>4.375</b>

The City allows an FAR of 3.5 with Mediterranean bonus and 4.375 with Transferrable Development Rights (TDR's). CGCC is requesting the City provide approximately 97,000 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 (4.375 FAR).

City Land	Square Feet	FAR		
		3.5	0.875	4.375
G1 Land	34,941	122,294	30,573	152,867
G4 Land	55,000	192,500	48,125	240,625
Lot 43	2,500	8,750	2,188	10,938
<b>Total CG Land</b>	<b>92,441</b>	<b>323,544</b>	<b>80,886</b>	<b>404,429</b>
<b>CGCC Land</b>				
Paseo	6,000	21,000	5,250	26,250
Retail	12,000	42,000	10,500	52,500
<b>Total CGCC Land</b>	<b>18,000</b>	<b>63,000</b>	<b>15,750</b>	<b>78,750</b>
<b>Total Project Size</b>	<b>110,441</b>	<b>386,544</b>	<b>96,636</b>	<b>483,179</b>

**Ownership:**

CGCC proposes that the Project be structured as a vertical subdivision so that the City may maintain fee simple ownership of the Garage 1 public municipal garage spaces and the Garage 4 public municipal garage spaces portion of the Project (the "Public Component").

CGCC would maintain fee simple ownership of all Project components not included as part of the Public Component, including but not limited to, the private garages, private retail, residences and offices (the "Private Component").

The structure of the vertical subdivision (which includes the standards for controlling interest in the sites, the use, and operational standards of the shared owners) will be negotiated as part of the Development Agreement and the Declaration, if and when, the City Commission approves the general terms established within.

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.

Appraisal Values			
Jun-14	Square Feet	Waronker & Rosen	Blazejack
G1	34,941	\$10,500,000	\$10,480,000
G4	55,000	15,100,000	16,500,000
<b>Total June Value based on 3.5 FAR</b>	<b>89,941</b>	<b>\$25,600,000</b>	<b>\$26,980,000</b>
<b>Aug-18</b>			
Land Base @ 3.5 FAR			
G1	34,941	\$10,400,000	n/a
G4	55,000	16,400,000	n/a
Lot 43	2,500	700,000	n/a
	<b>92,441</b>	<b>\$27,500,000</b>	
Land TDR's .875 TDRs to achieve 4.375 from Land base		3,200,000	
Miracle Mile FAR from 3.5 to 4.375		630,000	
<b>Total Project Value</b>		<b>\$31,330,000</b>	

**Financing:**

CGCC estimated cost for development of the Public Component is \$32.1 Million and the value of the Garages at 4.375 FAR is \$31.3 Million (which includes \$3.8 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 \$4.7 million (excluding Art in Public Places in the Public Component of the Garages). The sites combined value before TDR's is \$27.5 Million and the value of the 97,000 SF of TDR's is \$3.8 Million per the City's appraiser. Staff has projected the real estate taxes due to the City for the CGCC's private use of \$620,000 annually. No additional incremental payments would be due from the City.

**Summary:**

The Parking Department has determined 620 daytime and 940 night time public parking are sufficient to meet the City's parking demand. CGCC's cost to construct the garages is greater than the value of the combined sites. CGCC is requesting the two mixed used buildings at 4.375 within the allowed height (max is 190') be built in exchange for providing the City with 620 City-owned parking spaces, City-owned paseos, and no further payment obligation from the City. Staff has reviewed the proposal and recommends the City Commission consider the deal terms as 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 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

**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