



City of Coral Gables
CITY COMMISSION MEETING
May 10, 2022

ITEM TITLE:

Ordinance on Second Reading. An Ordinance of the City Commission of the City of Coral Gables, Florida approving the purchase and sale agreement for the sale of Municipal Parking Lot 24, located at 5151 University Drive, Coral Gables, FL 33146, (Folio No. 03-4119-006-0200), to Doctors Hospital Inc., a Florida not-for-profit corporation; and providing for a repealer provision, severability clause and providing for an effective date. *(The lot is currently leased to Doctors Hospital)*

DEPARTMENT HEAD RECOMMENDATION:

Approval

BRIEF HISTORY:

Pursuant to Resolution 26281, dated November 10, 1987, the City Commission authorized for the City of Coral Gables (the “Seller”) to enter into a lease agreement for municipal surface parking Lot 24 located at 5151 University Drive, Coral Gables, FL 33146, Folio No. 03-4119-006-0200 (the “Valet Lot”), that was assigned to Doctors Hospital, Inc. (the “Purchaser”), on July 1, 2006 (the various agreements in place are collectively referred to as the “Lease”). The Valet Lot is on the northwest corner of University Drive and Pisano Ave, across from the Doctors Hospital, which is currently owned by the Purchaser and is also an affiliated hospital of Baptist Health South Florida, Inc. (“Baptist”). The Valet Lot is used by the Doctors Hospital to provide free valet service for patients and visitors.

The initial 30-year Lease term expired on December 30, 2017. On May 9, 2017, Baptist executed their automatic additional 30-year renewal right, effectively renewing the Lease for the Valet Lot until December 30, 2047.

Pursuant to Resolution 2019-13, the City Commission directed the City Manager and City Attorney to enter into a purchase and sales agreement (the “PSA”) for the sale of the Valet Lot to the Purchaser for \$3,000,000 as proposed under Resolution 2017-212. In addition, the City of Coral Gables needed to review the pedestrian infrastructure in the surrounding area, but this review was not to delay the sale of the Valet Lot.

In 2017, pursuant to Section 2-1092 of the Procurement Code, two MAI certified real estate appraisals were conducted by Gallaher & Birch, Inc. and Waronker & Rosen, Inc. The appraisers valued the site based on the Valet Lot’s Multi-Family 1 Duplex (MF1) zoning.

In 2018, the lease payments increased by 25% (\$114,507.50/per year), based on City of Coral Gables parking rates. At the time, it was determined that based on the existing lease payments to the Seller, a sale at \$3,000,000 would have resulted in a higher return than the value based on the income stream from the Lease, and therefore, a sale at \$3,000,000 was above market value.

On February 12 and February 26, 2019, pursuant to Ordinance 2019-11, (As Amended), the City Commission approved the PSA at \$3,000,000 authorizing the City Manager and City Attorney to make necessary changes to the legal description.

On September 10, 2019, the City Manager provided the City Commission with an update on post-City Commission approval negotiations that had taken place to finalize the sale of the Valet Lot to the Purchaser that were also engaged in accordance with the terms in Ordinance 2019-11 (as amended) and Resolution 2018-223, as amended by Resolution 2019-13. Also on September 10, pursuant to Resolution 2019-267, the City Commission directed the City Manager to provide the PSA to the Purchaser that had been approved in Ordinance 2019-11 (as amended) with certain changes and directed that the PSA be signed prior to October 8, 2019, or the City Manager was to take the matter back to the City Commission for further direction.

On October 8, 2019, pursuant to Resolution 2019-302, the City Commission extended the deadline because the Purchaser had sent a good-faith proposal and had also requested that the City Commission extend the deadline to November 12, 2019.

On November 12, 2019, pursuant to Resolution 2019-339, the City Commission extended the negotiations deadline to January 14, 2020. At the January 14, 2020-City Commission meeting, pursuant to Resolution 2020-20, the City Commission granted the City Manager's request for additional time without a set deadline to continue the negotiations with the Purchaser regarding the sale of the Valet Lot and the leasing of the abutting right-of-way.

The Seller continued negotiations with the Purchaser and started processes to conduct a Comprehensive Plan Map Amendment, Zoning Code Map Amendment, Conditional Use, and Tentative Re-Plat of the Lot, all of which required and underwent public hearing review and approval by the Planning & Zoning Board and City Commission. The processes formalized the existing conditions of the Valet Lot and provided regulations for its future uses.

The Valet Lot's Future Land Use classification was changed from Multi-Family Duplex Density to Hospital. The Zoning District designation was changed from Multi-Family 1 Duplex (MF1) District to Special Use (S) District.

The Special Use (S) District provides a zoning classification which requires that uses which may have the potential of adversely impacting adjacent uses to only be approved by the City Commission through the Conditional Use process and include Conditional Use for the accessory use of the parking to the Hospital.

The Seller also negotiated with the Purchaser regarding an existing Declaration of Restrictive Covenant (the “Private Covenant”) which the Purchaser executed in favor of certain neighboring property owners on February 10, 1994, and recorded on June 28, 1994 in the Official Records Book 16418, Page 4052 of the Public Records of Miami-Dade County, Florida limiting the Purchaser’s use of the Valet Lot to a parking lot, with no structures to be erected thereon, for a term of 30 years from the date of recordation. The Private Covenant is therefore scheduled to terminate, by its own terms, on June 28, 2024.

The PSA includes the requirement of a new Declaration of Restrictive Covenant (the “New Restrictive Covenant”) between the Purchaser and City of Coral Gables that will keep the same restriction on the Valet Lot (no structures to be erected thereon) for 30 years to be effective upon the termination of the Private Covenant. The New Restrictive Covenant will, therefore, ensure that the use will remain as a parking lot and that no structures will be erected at the Valet Lot until June 28, 2054.

On September 8, 2020, pursuant to Resolution 2020-199, the City Commission amended Resolution 2018-223 and 2019-61 and directed the City Manager to allocate the net proceeds from the sale of the Valet lot and on September 28, 2021, pursuant to Resolution 2021-286, the FY 2020-2021 annual budget was amended to reflect the City Commission’s revenue proceeds allocation from the sale of the Valet Lot to the Purchaser as follows:

- (1) 50% toward new Public Safety Building
- (2) 25% toward Park Improvements
- (3) 25% toward the acquisition of land for Parks

On June 29, 2021, the City Manager held a community meeting with the surrounding neighbors to review both the Site Plan and the Landscape Plan as well as explain the New Restrictive Covenant provision.

Pursuant to Section 2-1092 of the Procurement Code, in October 2021, two additional MAI certified real estate appraisals were conducted for the Valet Lot. As had been done in 2017, the appraisers valued the site based on the multi-Family 1 Duplex (MF1) zoning.

Date	Appraiser	SF	Appraisal	PSF
10/30/21	Integra Realty Resources	45,635	\$3,600,000	\$78.89
11/4/21	Quinlivan Appraisal	45,635	\$3,415,000	\$74.83

At the April 26, 2022, City Commission meeting, the City Commission directed the City Manager to update the appraisals conducted in October-November 2021. The appraisers updated the appraisals and valued the site based on the multi-Family 1 Duplex (MF1) zoning.

Date	Appraiser	SF	Appraisal	PSF
5/5/22	Integra Realty Resources	45,635	3,600,000	\$78.89
5/5/22	Quinlivan Appraisal	45,635	3,495,000	\$76.59

PSA Terms:

- \$3,500,000 Purchase Price (PSF \$76.70)
- \$350,000 Deposit.
- A fifteen (15)-day Inspection Period.
- Closing fifteen (15) days following the later of: (i) the expiration of the Inspection Period or (ii) the satisfaction of:
 1. Purchaser receiving a zoning confirmation letter that confirms that the Land Use Entitlements are in effect to allow the development and operation of a valet parking lot at the Property with not less than 102 parking spaces, including valet and tandem facilities, two spaces deep.
 2. A final plat for the Property has been approved by the City and recorded in the Public Records of Miami-Dade County, Florida.
 3. An approved and Seller and Purchaser agreed upon Site Plan and the Landscape Plan, as revised in accordance with the City of Coral Gables' comments and review process.
- Upon Closing, the Seller and the Purchaser shall execute and record a new 30-year Declaration of Covenants and Restrictions that will become effective upon the termination of the Private Covenant.
- The existing Lease will be terminated.
- The Seller and the Purchaser will enter into a new Lease.
- The valet will continue to be operated and managed in a manner consistent with its operation and management prior to the sale.
- No Broker involvement.
- The sale is contingent on City Commission approval.

While the critical requirements of the Procurement Code have been followed because the City did not advertise the sale or lease of the Valet Lot and only dealt with Doctors Hospital Inc. (given that they are the current lease holders) regarding this transaction, the City Commission is being asked to waive requirements of the Procurement Code pursuant to Sections 2-1089 which requires a 4/5 supermajority vote. Such waiver is permitted upon a finding by the City Commission that the public interest would be served by waiving any or all provisions of the article and that doing so is in the best interests of the City.

The deal terms were presented to the Economic Development Board (EDB) on August 2, 2017, which voted to unanimously to approve the purchase price and to further negotiate the remaining terms. The terms were presented to the Property Advisory Board (PAB) on August 9, 2017, which recommended the sales price and the proceeds be used by the City of Coral Gables to purchase more developable land and options for the Lot to be taxed. On September 6, 2017, the Budget/Audit Advisory Board (BAB) voted to approve the sale.

LEGISLATIVE ACTION:

Date.	Resolution/Ordinance No.	Comments
9/28/21	Resolution 2021-286	Budget Amendment for Proceeds Allocation

9/8/20	Resolution 2020-199	Proceeds of Sale Allocation
1/14/20	Resolution 2020-20	Extend Negotiations without deadline
11/12/19	Resolution 2019-339	Extend Deadline for Negotiations
10/8/19	Resolution 2019-302	Extend Deadline for Negotiations
9/10/19	Resolution 2019-267	CM Proceed with Negotiation
2/12/19 & 2/26/19	Ordinance 2019-11	Approval of Purchase and Sale Agreement
1/8/19	Resolution 2019-13	Approval to enter into a sales agreement
8/28/18	Resolution 2018-223	Request for Sale
2/13/18	Resolution 2018-23	Request for Sale - deferred
10/10/2017	Resolution 2017-299	Negotiate a 99 Year Lease
10/10/2017	Resolution 2017-298	Request for Sale - rejected
8/29/2017	Resolution 2017-212	Request for Sale - deferred
8/22/2006	Resolution 2006-152	Assignment Approval
11/18/2003	Resolution 2003-206	Assignment Approval
11/10/1987	Resolution 26281	Lease Approval

ADVISORY BOARD/COMMITTEE RECOMMENDATION(S):

Date.	Board/Committee	Comments
9/6/17	Budget Advisory Board	Recommended approval
8/2/17	Economic Advisory Board	Recommended approval
8/9/17	Property Advisory Board	Recommended approval

FINANCIAL INFORMATION: (If Applicable)

No.	Amount	Account No.	Source of Funds
1.	50% of Net Proceeds	310-1500-521-64-60	Public Safety Building
2.	25% of Net Proceeds	310-1500-572-63-00	Park Enhancements
3.	25% of Net Proceeds	310-1500-519-61-00	Acquisition of Land for Parks

ATTACHMENT(S):

1. Draft Ordinance;
2. Draft Purchase and Sales Agreement;
3. Draft Lease Agreement;
4. Budget Advisory Board minutes of September 6, 2017;
5. Excerpt of minutes from Economic Development Board meeting of August 2, 2017;
6. Excerpt of minutes from Property Advisory Board meeting of August 9, 2017;
7. Appraisal by Gallaher & Birch;
8. Appraisal by Waronker & Rosen;
9. Appraisal by Integra Realty Services;
10. Appraisal by Quinlivan Appraisal