

City of Coral Gables City Commission Meeting
Agenda Item G-2
October 10, 2017
City Commission Chambers
405 Biltmore Way, Coral Gables, FL

City Commission

Mayor Raul Valdes-Fauli
Vice Mayor Pat Keon
Commissioner Vince Lago
Commissioner Frank Quesada
Commissioner Michael Mena

City Staff

City Manager, Cathy Swanson-Rivenbark
City Attorney, Craig E. Leen
City Clerk, Walter J. Foeman
Deputy City Clerk, Billy Urquia
Assistant Director Economic Development, Leonard Roberts

Public Speaker(s)

Agenda Item G-2 [10:53:44 a.m.]

A discussion on the possible consideration of the lot at Doctors Hospital
(Sponsored by Commissioner Quesada)

Mayor Valdes-Fauli: Commissioner Quesada, discussion on the possible consideration of the lot at Doctors Hospital.

Commissioner Quesada: So, I kept on thinking about this after we had this vote. So, this relates to the parking lot that's directly in front of Doctors Hospital. At that meeting, I don't know if it was a 3 to 2 or 4 to 1 vote in favor of conducting the transaction with...

Commissioner Lago: I think it was 4 to 1.

Commissioner Quesada: I think it was 4 to 1. At that meeting Commissioner Lago had brought up the 99 year lease issue and I kept on thinking about it after and I spoke with Cathy, the City

Manager after that, and it reminded me of something that Commissioner Kerdyk and Withers always used to say when they were on the dais, any opportunity that to not sell City property we shouldn't, we should hold on to it. I'm going to – I still want to complete the transaction, I just think it's a 99 year lease, I think that's a better play for the City in the long term. So, that's what I want to urge the rest of you that voted for this to go that route. I want a complete transaction with Doctors Hospital, I think it's important, but I don't think that Doctors Hospital will be precluded from doing what they want to do if we structure this as a 99 year lease and I think it's better for the benefit of the City in the long term, we maintain that property; and again, I think all the goals are achieved and I think it's more beneficial for the City. And to be honest with you, I should have thought about it more at that meeting, but it sort of came up and I want to be able to go through because I think it's good for Doctors Hospital, it's good for the community that the transaction went through, but I just think the 99 year lease is better for us, because we don't get rid of that property.

City Manager Swanson-Rivenbark: We do have an update. We did ask Leonard Roberts to reach out to Doctors Hospital based on the concern, so if Leonard if you can give an update on those conversations.

Commissioner Lago: Leonard how are you?

Mr. Roberts: Good morning, Leonard Roberts, Economic Development Assistant Director. We had a meeting with Doctors Hospital, with their real estate team, and their governmental relations individual, and we discussed the opportunity for potentially doing a 99 year lease, currently it's a 30 year lease. They said the reason they are having the discussion is for an acquisition. They want to actually own the property and that they are not interested in doing a 99 year lease. They see it as an economic benefit of owning the property versus renegotiating a 99 year lease versus a current 30 year lease, there is no real opportunity there. So, they felt as though it's in their best interest to own the property, so they have no desire to do a 99 year lease.

Mayor Valdes-Fauli: Let me address that. I take note and I was here when Commissioner Kerdyk Jr. discussed not alienating City property and the advantages of leasing versus selling. Had Commissioner Kerdyk's point of view prevailed we would not have a bus terminal, I mean we would have a bus terminal today and not a very nice apartment building that we have on Aragon and Salzedo, because we had to sell that property and I'm glad that we don't have a bus terminal anymore, Commissioner Kerdyk was against that transaction and thank God we did it 4 to 1. We also had the opportunity to sell our equipment storage facility for garbage trucks into what is now Merrick Park, and again Commissioner Kerdyk voted against that. I am against selling City properties, but I'm also for buying City properties for parks, Commissioner Lago's very fine effort to have more green space, more neighborhood parks, but I am against the principal of not

selling anything just on principal. I think we have to look at various other issues and in this case I speak for selling this property. It is a sliver of land surrounded by Doctors Hospital on one side, the University on the south, and a canal on the east side. There is absolutely no use for this property, a park would be absurd to have it there, because it would be very difficult to access, and we need the money to do things that I referred to in our meetings with the School Board and the School Superintendent. This will give us funds to accomplish certain things and I'm very much for selling this property and for us ratifying or continuing with our 4 to 1 vote at the last meeting.

Commissioner Lago: Thank you Mayor, if I may. First of all, I want to thank Commissioner Quesada for reconsidering and also for your efforts, Leonard, with Baptist Hospital. Let me just give you a few facts as an individual who lives in this neighborhood. I'm going to take my Commissioner hat off, which I rarely ever do, because I love being an elected official here in the City so much and representing this community, but I want to talk to you a little bit about what's going on in that neighborhood. There isn't an army of residents here from my backyard due to the simple fact that I told them not to come. When I purchased this home, I think it was about six years ago, University of Miami did not sprout up from one day to the next, St. Augustine didn't sprout up from one day to the next. I understand exactly where we live, but I didn't expect the following things to occur. Number one, I didn't expect that we would renegotiate the internal road like we did and I voted against that, where instead of having all parking garages, excuse me, all the parking lots in the University of Miami connected, where instead of me having to go all the way around University of Miami, I would have been able to cut right into University of Miami from my property and I wouldn't have had to create more traffic around Campo Sano, do you understand what I'm saying?- that is not going to happen anymore. We have allowed the University of Miami to not finish building out the internal road as a result, they've also done a good job in reducing Freshman Drive, I think by over 30 percent, but we have gone back on an agreement that we had with the University of Miami. This neighborhood here is a very sensitive neighborhood in the sense of cut through traffic right now. We are bordered by U.S.-1, we have St. Augustine Church, we have the new Lennar Center, we have West Lab, we have Doctors Hospital and we have the University of Miami. So, the reason why I think it's important that we maintain control over this property is because Doctors Hospital, I have had to deal with them over the past few years and they have been extremely helpful and they have aided the residents, but I've had to keep them in line and you know exactly what I'm talking about Madam City Manager, in reference to the amount of 18-wheeler vehicles that are parked on Campo Sano in front of those beautiful townhomes on the golf course, its every day. It no longer happens, but once in a while you see it. I understand it's an extremely tight site, so I have no issues at all with giving them a 99 year lease on the property at all, and when I met with their attorney and their V.P., Ms. Jessy Berring, I was very candid with them and I told them, listen, I'm going to push for a 99 year lease, and again, we will consider it, we will consider it, but obviously after the last

vote that's 4 to 1, they know that they have leverage on the Commission on the City. What I'm asking you is protect the neighborhood that I live in, you're surrounded, and this will give us an opportunity to continue to dictate what happens on that piece of property.

Mayor Valdes-Fauli: I disagree with you. If you give them a 99 year lease you are losing control of the property and giving them a 99 year lease it endangers the economic arrangement that we have reached and we voted for 4 to 1 the last time....we'll endanger other things including some of the school issues that I mentioned before. You mentioned the neighborhood and the UM internal road that has nothing to do with this transaction, nothing at all to do with this transaction. I spoke very much for concluding and selling this property, because it has no effect on the neighborhood. This property is a sliver of land anyway with a canal on the east, with Doctors Hospital on the west, the University on the south, and some apartment units, very few in the north. I don't know if there is any other discussion, but I'd like to call the question.

City Attorney Leen: Wait Mr. Mayor, the appropriate procedure would be for there to be a motion for reconsideration, which has to be made by one of the party on the prevailing side, the Commissioner on the prevailing side, it would then be needed to be seconded by any of you, let me finish, if the vote passes, you can have debate on the motion of reconsideration at that time. If the vote passes, it would undo the prior action and then it would be as if there had been no vote originally and the Commission could decide what to do with the property.

Commissioner Quesada: I just want to give some concluding thoughts and rebuttal to what you said Mr. Mayor, I respect your position. There have been a lot of successful projects and partnerships within the City and 99 year leases, I believe one of those apartment buildings that you mentioned Mr. Mayor actually is on a 99 year lease. We know the Publix project on 16th, roughly 16th and Douglas as well, and there are a few other projects throughout the City that have worked well. I think because of the nature of the location of the property, I know you say its right next to Doctors Hospital, but it's precariously close to a residential neighborhood as well. So, I'd like the additional strength it gives us as being a 99 year lease being that it's a City property. They can still do all the business deals that they can, 99 year leases are common throughout South Florida with successful business projects on top of that, so I don't see that as a concern. With that I will move for reconsideration of that vote.

Mayor Valdes-Fauli: Is there a second?

Commissioner Lago: Second the motion.

Mayor Valdes-Fauli: Alright – any discussion?

Commissioner Lago: I just have one last. I just want to clarify. I have never and I do not have a position that I want to take this property away from Baptist and make it into a park that is not my intent; it's never been my intent. As a matter of fact, I am in favor of allowing them to make, like Commissioner Quesada stated, the necessary improvements to allow for even more parking in reference to the stacking and the mechanized parking that they wanted to use.

Mayor Valdes-Fauli: We are told that this will endanger the transaction and if you are willing to take that risk and endanger other things then that's...

Vice Mayor Keon: I have to agree with the Mayor on this also, and I think the larger parcels that you were talking about are really significant parcels of land in parts of the City where they could have multiple uses. I know when we discussed the potential selling of the garages, because that was one of the things that came out on an RFP, we decided not to because of the location and the size of those properties. I think this particular property, it is a very small piece of property, it's not a property that we would likely use for anything else other than possibly a park, but I would be careful putting a park along a canal unless its fenced and there is a whole lot of other things, that I don't know that it's the most appropriate place for a park. It's currently used for parking; it can continue to be used for parking. We put some conditions in the sale that require it to only be used for parking. They have to come through the Board of Architects for design, they have to go through a lot of process to make sure that it is in acceptable structure in lieu of its proximity to the residential community, and I think that Doctors Hospital plays an exceedingly valuable role in our community and therefore in order for them to survive and flourish they need that parking. If I could tell you that I could see that there was another potential use for it, I would agree with you, I wouldn't sell it either, because I haven't supported really the sale of other parcels in the City since I've been here. This particular parcel, I don't really think I just soon let it be a clean transaction. We have talked about somethings that we want to do and one of them is with seats at West Lab or whatever else and we have to have dollars to be able to do that. So for me, I would continue to support the sale of the project, that little sliver I think it's probably an easier transaction, maybe an easier transaction for Baptist, but I don't know what other purpose that particular piece of land would be used for and I think the revenue that we would garnish from it would be of great benefit to the City.

Mayor Valdes-Fauli: Commissioner Mena.

Commissioner Mena: Do we have any idea in terms of like comps, something about if there was a lease what kind of revenue it would generate. It's very hard to evaluate the two scenarios...

Mayor Valdes-Fauli: The answer to that is that we need the money now in order to do...

City Manager Swanson-Rivenbark: Mr. Mayor, Commissioner Mena, Leonard does have that information for you.

Mr. Roberts: So a couple of points. So, what we did is we analyzed a 30 year term, we did a cash flow analysis taking into consideration over generating income now and what the projected income stream would be over the next 30 years, we took the value of the property today, we appreciated it over that same 30 years and we discounted it today, and based upon the discount rates it was under \$3 million dollars which is the acquisition price. The other factor is too that we have the first right of refusal on this, so if they decide to use for an alternative use of sell it to someone, they could not sell it, they had to come to us first before they resold the property.

City Attorney Leen: We would be limiting the use though, correct?

Mr. Roberts: We are restricting the use to parking.

City Attorney Leen: So, they can't just change...

Vice Mayor Keon: The use is restricted to parking.

Mr. Roberts: Yes, so if they were to try to sell it, we would have the first right to repurchase it and if they were to sell it, it would be limited to any potential buyer anyway...

City Attorney Leen: Use as well, because there will be a restrictive covenant.

Mr. Roberts: Correct.

Commissioner Mena: Just so I understand what you just said correctly. You are saying that over a 30 year term it would generate less than the \$3 million dollar lump sum sale price over the 30 years.

Mr. Roberts: Over the discounted net present value cash flow discounted and that takes into consideration the \$2.2 million appraisal today in its current state over 30 years appreciated at a nominal rate and then taking what we actually generate in income every single year and discounted to today, and it was \$2.878.

Mayor Valdes-Fauli: We have Ms. Cruz you want to say something? You have one minute.

Vice Mayor Keon: Can I ask one question of the Manager before, just one minute Mrs. Cruz? We didn't nullify the agreement with the University of Miami on the internal road; they are to complete the internal road, yes?

City Manager Swanson-Rivenbark: I'm sorry on the internal road, I'll have somebody – Ramon, can you speak on the issue of the internal road and what was...

Vice Mayor Keon: I just want to make sure that...

Commissioner Lago: That my comments were correct.

Vice Mayor Keon: Because it was my understanding that it was, that's all.

Mayor Valdes-Fauli: Let's stay on this subject please, Ms. Cruz.

Ms. Cruz: Maria Cruz.

Mayor Valdes-Fauli: One minute.

Ms. Cruz: OK, very fast. Doctors Hospital, the University of Miami in the middle of a residential neighborhood, I realize that there are a few townhouses, yes, but there are homes all around there including right next to the canal. I do not understand – my mind is going crazy here. We decide things in this Commission and then years later we come back and we readdress, so whatever we committed to a neighborhood is forgotten. When that big parking garage was built, we were assured that that was it. Now that's not it anymore.

Mayor Valdes-Fauli: It's being used for parking today madam, its being used for parking.

Ms. Cruz: For small parking not what – let me tell you something, there has to be a way that when you make an agreement with the neighbors that that holds, not that every time....

Mayor Valdes-Fauli: It's being used as a parking lot anyway.

Ms. Cruz: OK, but that's in the middle of a residential neighborhood, it belongs to the City of Coral Gables, what's the difference? It's being used, why cannot we keep control.

Mayor Valdes-Fauli: Thank you ma'am.

Ms. Cruz: No, no, just one second, because it's been brought up, I was not going to bring it up, but it was brought up that the possibility of that money is so that we can buy seats for West Lab, we have seats for West Lab, we pay, the residents of the City of Coral Gables pay in taxes to have more seats than we can afford to buy. We should not have to pay for seats that we own, because we pay and we don't have kids in school.

Mayor Valdes-Fauli: Thank you ma'am.

Commissioner Lago: I respect what Vice Mayor Keon was saying and what the Mayor is saying, again, this is why we have a great democracy here, but at the end of the day we can be as creative as possible over the next one to three years to make sure that we can fund those seats, if that's what we want to use the \$3 million for, the money is there. The City coffers grew by seven and-a-half million dollars this year, look at the budget. So, we have to make the decision, the School Board is not asking for the money tomorrow, we have time, let's make the wisest decision.

Mayor Valdes-Fauli: We've been waiting to do this for a long time now and we are about to reach an agreement. Will you call the roll please?

City Attorney Leen: So, this vote is on a motion for reconsideration, if this vote is passed, if there is a 3-2 vote in favor or more then it goes to discussion as to what to do. You would have to vote again if you wanted to do a lease, and of course Baptist would have to agree.

Mayor Valdes-Fauli: Will you call the roll please?

Commissioner Quesada: Yes

Vice Mayor Keon: No

Commissioner Lago: Yes

Commissioner Mena: Yes

Mayor Valdes-Fauli: No

(Vote: 3-2)

Mayor Valdes-Fauli: Alright, I will call for a break now and we'll be back here in 10 minutes.

[Break: 11:13:02 a.m.]

[Resume: 11:20:34]

Mayor Valdes-Fauli: The next item is the U.S.-1 corridor study, G-3.

City Manager Swanson-Rivenbark: Can I understand from the last item it was approved for reconsideration. What is the action you are looking at staff to bring or should we just put all discussions on hold?

Mayor Valdes-Fauli: As far as I'm concerned I'm opposed to doing anything. I think that a 99 year lease is the same thing as alienating and since we are against alienating properties I'm very much opposed to doing anything.

Vice Mayor Keon: I think those that are on the prevailing side should have an opportunity to – the people on the prevailing side should have the opportunity to speak on it and give some reaction.

Commissioner Quesada: I'm of the opinion, after obviously hearing from the others that I will be making a motion to commence negotiations with Doctors Hospital related to a 99 year lease. I believe that it's a different position now, and I know Leonard, you've had conversations with them on this, but I think it's a little bit different considering the position taken by the Commission today, and I want you to revisit those conversations and sit down and see how that proceeds and come back to us next meeting and update us on that.

Mr. Roberts: The last time they said their only consideration is to purchase, if not, stick to...

Commissioner Quesada: I think the circumstances have changed, their opinion may have changed, maybe not, but I think it's absolutely worth revisiting that conversation.

Mayor Valdes-Fauli: Is there a motion?

Commissioner Mena: To the point Madam City Manager about the desire to have some of this money now for other purposes. Again, I think if you are generating close to the same amount of money that you are getting on the purchase price over 30 years, there should be some opportunity to finance using the revenue being generated by the lease and then it will pay for itself, and then you have another 60-plus years of income to use for other things going forward. So, it all comes down to if their terms are agreeable or not and we need to see what those are and then make a decision on what's the better option between the two.

Commissioner Lago: I have no further comments, that was the motion?

Commissioner Quesada: So moved.

Commissioner Lago: Second.

Mayor Valdes-Fauli: Will you call the roll please.

Vice Mayor Keon: Yes

Commissioner Lago: Yes

Commissioner Mena: Yes

Commissioner Quesada: Yes

Mayor Valdes-Fauli: No

(Vote: 4-1)

City Manager Swanson-Rivenbark: There is a long term lease already in effect, so it doesn't affect anything now, so there is not an urgency we can take our time and work through the negotiations. Leonard, the lease expires when?

Mr. Roberts: 2048.

City Manager Swanson-Rivenbark: 2048 – the current lease expires 2048.

Commissioner Quesada: I also want to be clear that I'm still in favor of that project that they proposed just under the leasehold variation, not the sale variation.

[End: 11:23:26 a.m.]