

**CITY OF CORAL GABLES**  
**Economic Development & Property Advisory**  
**Special Joint Board Meeting Minutes**  
**Wednesday, February 8, 2017, 8:30 a.m.**  
**Coral Gables Museum, Community Meeting Room**

<b>EDB MEMBERS</b>	J	F	M	A	M	J	J	A	S	O	N	D	<b>COMMISSIONERS</b>
	'17	'17	'17	'17	'17	'17	'17	'17	'17	'16	'16	'16	
Scott Sime	P	P								P	P	P	Mayor Jim Cason
Olga Ramudo	P	P								P	P	E	Commissioner Jeannett Slesnick
Stuart McGregor	P	P								P	E	E	Commissioner Pat Keon
June Morris Chair	P	P								P	P	P	Commissioner Vince Lago
Alexander Binelo Vice Chair	P	A								P	A	P	Commissioner Frank Quesada

<b>PAB MEMBERS</b>	J	F	M	A	M	J	J	A	S	O	N	D	<b>APPOINTING ENTITY</b>
	'17	'17	'17	'17	'17	'17	'17	'17	'17	'16	'16	'16	
Luis Espino Chair	P	P								P	X	P	Mayor Jim Cason
Ariel Fernandez	Ph	P								P	X	E	Commissioner Jeannett Slesnick
Luba DeWitt	E	P								P	X	P	Commissioner Patricia Keon
Valerie Quemada Vice Chair	P	P								P	X	P	Commissioner Vince Lago
Tony Gonzalez	E	P								P	X	P	Commissioner Frank Quesada
Andrew Nadal	P	P								A	X	P	City Manager
Andrea Molina	P	P								P	X	P	City Commission

A = Absent      E = Excused Absence      P = Present      X = No Meeting      Ph = Present by Phone

**STAFF AND GUESTS:**

Cathy Swanson-Rivenbark, City Manager, City of Coral Gables  
 Javier Betancourt, Director, Economic Development Department  
 Leonard Roberts, Assistant Director, Economic Development Department  
 Francesca Valdes, Business Development Specialist, Economic Development Department  
 Mariana Price, Administrative Assistant, Economic Development Department

**Meeting Motion Summary:**

**A motion to approve the EDB minutes of the January meeting passed unanimously.**

**A motion to approve the PAB minutes of the January meeting passed unanimously.**

**A motion from the Economic Development Board reaffirming that the benefits associated with the land swap outweigh the City's premium it would pay for the land transaction.**

**A motion from the Property Advisory Board upholding its prior recommendation and expressing its disappointment that the recommendations proffered at the prior meeting were not incorporated in the revised business terms.**

**Motions from the EDB & PAB for the City to explore options to outlaw smoking in the public right of way.**

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Mrs. Morris brought the meeting to order at 8:35 a.m.

**1. Review of the January EDB meeting minutes (Action)**

Mr. Sime made a motion to approve the minutes of the January 9, 2017 Board meeting. Mr. McGregor seconded the motion, which passed unanimously.

**2. Review of the January PAB meeting minutes (Action)**

Ms. Quemada made a motion to approve the minutes of the January 4, 2017 Board meeting. Mr. Fernandez seconded the motion, which passed unanimously.

**3. Proposed Public Safety Building/ Garage 7 (Continued Discussion/Action)**

Mr. Roberts gave a presentation of the background and deal terms of the Public Safety Building and Public Parking Garage Land Exchange for the City Commission.

- The existing building currently harbors the Police Dept, Fire Dept & Fire Station, Emergency Communication Center & Emergency Operations Center (EOC), IT Dept, Parking Dept, Gables Television Studio, and Public Parking spaces.
- The current building limitations include inadequate space for all departments; cannot sustain future growth and expansion of Police & Fire Depts; considerable structural maintenance needs are required; inefficiencies of current arrangement; does not comply with current building codes; and significant cost to repair and stabilize structure.
- The Site Selection Committee criteria: identify parcel of land suitable to accommodate the Complexity of the Facility; current city-owned land parcels preferred; consider urban impact and minimize impact on residential areas; economic impact/cost; project duration; lot configuration and building efficiency; civic presence; strategic location (response time/concentric circle).
- City staff recommended two scenarios: 1- construction of a new facility on the city-owned parking lot 6 at Alcazar Avenue and Salzedo Street, or 2- construction of a new facility on the city-owned parking Lot 6 and the adjacent 35,000 sq. ft. vacant lot owned by a private party (the remaining would be used to construct a parking garage).
- Land appraisals were provided by Waronker & Rosen and Quinlivan in January & April 2016, as well as January 2017, of which the 2801 Salzedo St (City site) location had a -0.12% change and the 250 Minorca site (Codina site) had a 9.14% change. An appraisal of the assemblage of the Codina site along with Lot 6 returned a \$325 PSF result.
- The Public Safety Building would be approximately 100,000 SF of space with 180 parking spaces for Public Safety only. Garage 7 would provide approximately 450 public

parking spaces, consisting of both short-term and permit spaces. Garage 7 would have the potential for 30,000 SF of Office space and retail; house CGTV, HR, Parking, and/or other City depts.; a community meeting room to be used by the City, not-for-profits and/or other City Partners

- The Land Swap Deal Terms:
  - City will swap its existing Public Safety site (63,000 SF) for the Codina Site (35,000);
  - City will receive cash of \$5.2 Million for the swap;
  - City will provide up to a \$2 Million impact fee credit for allowing the City to maintain possession of existing PSB site for 3 years;
  - 30 Days due diligence for each party;
  - “As is” transfer of Codina’s site to occur by March 30, 2017, but City will take possession by July 30<sup>th</sup>, 2017, “as is” transfer of City site to occur by July 30, 2020;
  - If the City does not vacate the existing site by the end of 5 years after it takes possession there is a prorated burn off of \$5.2 million to City by end of Year 5.
  - If the developer decides not to purchase the City site, the City will have 2 years pay the Developer \$11.5 million for the new PSB site.
  - No broker fee.
  
  - Benefits:
    - Assemblage of 75,000 SF parcel with three significant street frontages enhancing City’s asset portfolio.
    - Faster fire response to North Gables.
    - Garage 7 will enhance Lot 6 with an efficient 450 car parking garage structure with office and ground floor retail
    - Garage 7 will provide flexible meeting space for City & community needs
    - Garage 7 will provide a new revenue stream to the City of Coral Gables
    - Garage 7’s offices would accommodate City departments in need of space that may otherwise require leasing 3<sup>rd</sup> party space, thus providing savings to the City.
    - City will not have to pay market rent from being displaced while new PSB is constructed, which can be up to \$5 million of rent payments over 3-yr period.
    - Future redevelopment of 2801 Salzedo Street is complimentary to the respective areas, leading to enhanced property values.
    - Commercial development of 2801 Salzedo Street site will add to the City’s tax basis.
  
- The City Manager acknowledged Mr. Espino’s observations and concerns that he brought before the Commission regarding the pending Public Safety Building deal terms from the Property Advisory Board standpoint. She also stated that the City has been talking about this issue since 2015 and acknowledged that in the future when the City deals with property, that the advisory boards need to be brought into the process earlier so as to provide their input; it was a timing error on the City’s part.
- Mr. Espino said the Property Advisory Board has not seen the new appraisal that takes into consideration the PSB building. It was requested at the last meeting.
- Mr. Roberts said the second appraisal was based upon the structure being in place, arriving at a \$20.75 M valuation. The appraisers also looked at the site based upon the deteriorated value and cost of land plus cost of renovation to retrofit the existing

condition and compared that to existing buildings for sale.

- The January 2017 appraisal determined that the highest and best value was for land value, because of the excessive cost to retrofit the existing building.
- Mr. Betancourt stated that consideration for the proposed new PSB site is a question of whether the economic development benefits and the public safety benefits to the City outweigh the market rate concerns. The concerns that were raised at the last PAB meeting were discussed, but the seller is unwilling to budge. The terms presented are what they are willing to accept.
- Andrea Molina contested that a lot of time was spent coming up with a proposed solution that everyone agreed on at the last Property Advisory Board meeting.
- Mr. Roberts reread the motion that passed at the previous PAB meeting and answered that in regards to the deposit as part of the proposed solution, Codina was not in agreement because each party has a purchase; hence, they consider a deposit irrelevant.
- The City Manager reminded the boards that the City is still in the middle of very spirited discussions and that if the deal goes through, the City will receive the land in June and Codina will not get their land until three years later.
- Ms. Molina reiterated concerns that the City is committing to \$11.5 million and that if Codina never takes the deal, they have no commitment whatsoever, and they are selling it to the City from an above-market price. She acknowledged that while the City would not be paying them rent to continue use of the current PSB building, they are receiving a \$6 million discount on the deal, which is a huge delta. Simply put, Codina has an option at a discount.
- Mrs. Morris offered that Codina is taking the risk that the City is not going to develop in time. Mr. Roberts stated that the objective of the PAB at end of day is to review property terms. Mr. Espino made clear that he was fine as long as the Commission is told that it's a bad deal and that the City is gifting \$5 million to Codina.
- Mr. Fernandez raised concerns that the construction would not be completed within the agreed upon 36 months, to which the City Manager reassured him that the clock would not begin until June, and that in the meantime the City is actively working on securing a construction manager at-risk, as well as architects, and that staff is operating under a tighter time frame. They are doing all of the work now in anticipation of a land transfer, but not on the same calendar of what private sector would be. They have built in an additional cushion from a time beyond the six months so that the City gets it right.
- Mr. Fernandez wanted to know if there were any provisions in place for force majeure, and if the timeline would be extended if hurricanes were to hit.
- The City Manager explained that there are two types of force majeure: 1- natural disasters, (which include day-to-day disruption) and, 2- terrorism (in which case all bets are off and the City is under no obligation to move cops from the building until they are ready). In the event of a hurricane, the calendar obligation adjusts to the response time required for that hurricane. She reassured Mr. Fernandez and the boards that damage from hurricane is included in the force majeure clause, which is standard language of the agreement.
- Mr. Espino voiced his concern that if Codina backs out of the deal, the City is still obligated to pay them \$11.2 million. If Codina does not buy the property because the market goes out, the City pays for it.

- Ms. Molina suggested that if the deal were looked at as two separate transactions, it is a small amount of money. She stated Codina is not taking a risk, while the City is committing to buy their building for more than it's worth today (since it's not on the market, the City is paying a premium); what doesn't make sense is that the City is giving them the option of three years with no commitment, no penalty if they back out, and basically giving them a six million dollar benefit (\$6M discount at their option, which is what they lose if they decide to buy).
- Mr. Espino stated his issue was with the presentation, and expressed to Mayor Cason that he believed it to be misleading. He said if the Commissioners want to go forward with an unequitable deal, that's their business, but they must understand that it is not a good deal.
- Mrs. Morris repeated earlier statements made about the delayed response time to residents in the North Gables, and that amidst terrorism threats, this land swap is an opportunity. She said it could be that, in five years, the [Codina] property is going to be worth a lot more than it is today. They are willing to do a swap, but also, they know that when dealing with city government there are delays, such as when a new commission comes in. She said if they were to back out of the deal, it would be sold in a New York minute for much more than what it's going for today.
- The City Manager said that given the strategic objectives of the city, this deal gets it done. She never said this deal is an equitable market rate deal that the private sector would embrace. The City Manager said the Property Advisory Board is doing their job, just like Parking Advisory board voted for it because they saw the strategic value in parking; just like the Budget/Audit Advisory board was able to say from an absorption standpoint the City is able to manage it; and believes the EDB, from a strategic economic development standpoint, is in support of it. She commended the boards for all doing their jobs, which is why the city has the different boards evaluating and recommending for the Commission's consideration. While this deal may not make market rate sense, the City receives different benefits as a part of it, and as such, can work with the parameters. She said she would recommend to the City Commission to purchase it for \$11.5 million because of all the other benefits associated with it, which brings value to the City.
- Mr. Fernandez asked how quickly the City would recover the \$6 million in fees from the parking garages, to which the City Manager responded that normally parking garages take 20 years to get paid off. She said there were a lot of different considerations, including the role that North Ponce is going to play in the future development of the City.
- Mr. Espino restated his concern that the presentation states this is a good deal, which was supported by Ms. Quemada who agreed that there were never any negatives presented.
- Ms. Molina asked if the City had tried to go back to the developer for negotiation with the new terms proposed at the last meeting, to which Mr. Roberts said the developer was firm on the number for consideration and unwilling to budge; Mr. Betancourt added that they signaled they were going to walk away from the deal.
- The longer the negotiations takes, the longer the 36-month deadline is further away.
- What we're not covered on, is construction manager at-risk, they're obligated to build within a time-frame. We're trying to build in those pieces that protect us in the new construction timing.
- Mr. Fernandez asked if there was any way to begin preparation of Lot 6 prior to construction of project, which would buy at least a month in time, to which the City Manager responded that the shape of the building must be determined first. She added

that City staff is really working hard on deliverable time frames and not aspirational time frames. The water/sewer issues planning is being done in anticipation of the PSB building, whether L-shaped or not. She requested that the Assistant City Manager give her a timeline for how long it would take to go through the design and permitting process, and added cushion to that.

- Mr. Sime expressed his concern given the example of the current delays of the streetscape project. Mr. Betancourt responded that while individual phases have not met their original time plans, the overall project is still slated to be complete by the original date expected. He also said that the new Public Safety Building would be different because it's a closed site, which would have a very different impact from a streetscape.
- Mr. Sime acknowledged Mr. Betancourt's response and declared that of the four boards involved, three boards stood for approval. He said while the PAB has had some serious reservations due to the fact that a premium must be paid, he did not see a need for the EDB to change its stance from the previous meeting.
- Ms. Ramudo made a motion to reaffirm that the benefits associated with the land swap outweigh the premium the City would pay for the land transaction, seconded by Mr. McGregor, and which passed unanimously.

**The Economic Development Board reaffirms the benefits associated with the land swap outweigh the City's premium it would pay for the land transaction.**

- Mr. Espino requested to see the recommendation/staff presentation going to the Commission before the day of the meeting.
- Ms. Quemada made a motion to uphold the Property Advisory Board's prior recommendation and to express its disappointment that the recommendations proffered at the prior meeting were not incorporated in the revised business terms, seconded by Mr. Fernandez, and which passed unanimously.

**The Property Advisory Board upheld its prior recommendation and expresses its disappointment that the recommendations proffered at the prior meeting were not incorporated in the revised business terms.**

#### **4. Smoking Regulations (Discussion)**

Javier Betancourt provided a quick update regarding his conversation with the City Attorney's office about looking into outlawing smoking in the public right of way. There is state preemption language that prohibits municipalities from passing regulations dealing with outdoor smoking, however the City Attorney believes he may have a solution that would allow the City to do it on the City's own public rights of way, which would include City sidewalks and Giralda Plaza. The City Attorney will look into that but said it's perfectly acceptable if the board wishes to make a recommendation to the City Commission to explore and pursue that initiative. Mrs. Morris expressed her strong feelings against smoking and said that the outdoor dining experience is completely diminished when someone lights up, adding that we live in an enlightened age where

we know that secondhand smoking causes cancer, and that if the City is going to ban Styrofoam, she believes it to be within the City's capacity to ban smoking on the sidewalks too.

**Ms. Ramudo made a motion requesting for the City Commission to have the City explore the prohibition of smoking in outdoor dining areas located in the public right of way, which was seconded by Mr. Sime, and which passed unanimously.**

Upon hearing this item, Mr. Fernandez of the Property Advisory Board asked if his board could join in on the motion, which was well received and deemed important by other PAB members.

**Mr. Fernandez made the same motion, requesting for the City Commission to have the City explore the prohibition of smoking in outdoor dining areas located in the public rights of way, which was seconded by Ms. Molina, and which passed unanimously.**

The meeting was adjourned at 10:18 a.m.

Respectfully submitted,

Mariana Price, Administrative Assistant - Economic Development Department