



City of Coral Gables  
CITY COMMISSION MEETING  
January 10, 2017

**ITEM TITLE:**

Request for authorization to proceed with Ordinance regarding land exchange with Codina Partners, LLC relating to the Public Safety Building.

**BRIEF HISTORY:**

On June 16, 2015, the City Commission adopted Resolution No. 2015-102 authorizing Staff to study the options for addressing the Public Safety Building at 2801 Salzedo Street (the "PSB") due to the need for significant repairs to address a number of structural issues (as evidenced in prior City Commission presentations).

The PSB houses the administrative staff for the City's Police and Fire Departments; the Emergency and Operations Centers; the Information Technologies, Human Resources and Parking Departments; and the Gables Television Studio. It also accommodates 191 City parking spaces and 103 public parking spaces.

A Public Safety Building Exploratory Committee (Committee) -- composed of members of the Police, Fire, Public Works and Economic Development Departments, and assisted by engineering consultants -- was established to explore options to renovate, replace or relocate the facility. The Committee determined that the total square footage needed is approximately 100,000 SF of office/fire station and approximately 180 employee parking spaces. In addition, the new facility should be energy efficient, meet ADA requirements, replace obsolete equipment and meet the program and operational requirements of a modern public safety and government operations facility for today and the future.

On December 8, 2015, the City Commission adopted Resolution 2015-308, authorizing Staff to explore the following five scenarios, in order to determine the best option(s) for a new PSB:

1. Scenario 1 - Construction of a new facility on the site of City-owned parking Lot 6 at Alcazar Avenue and Salzedo Street.
2. Scenario 2 - Construction of a new facility on the site of City-owned parking Lot 6 and an adjacent 35,000-square-foot vacant lot owned by a private party (i.e., Codina Partners, LLC).
3. Scenario 3 - Demolition of the property and reconstruction of a new facility at the Fire Station 2 site, located at 525 S. Dixie Hwy.
4. Scenario 4 - Demolition of the existing PSB and reconstruction of a new facility on the existing site.
5. Scenario 5 - Renovation/retrofitting of the existing building, including plans for continuing operations during construction.

Staff explored the five scenarios and on October 25, 2016, staff provided a recommendation to

the City Commission to relocate the PSB and Fire Station I to the Lot 6 site (Scenario 1 & 2). The City Commission authorized Staff to explore the potential purchase of the adjacent site, but should the site not be purchased, to move forward with constructing the PSB on the existing footprint of Lot 6. Subsequent to the October 25, 2016 meeting, Staff learned that the adjacent site's owner ("Developer") had secured investors for developing its site and was not interested in an outright sale. Staff & the Developer were able to propose terms for swapping the City's PSB site for the Developer's site, which would allow the Developer to honor its commitment to its investors and meet the City's objective for Scenario 2. If the Developer's site is assembled with the City's Lot 6, the new PSB would be built as a square vs. an L-shape, creating greater building efficiencies. The remaining portion of the assembled site would be used to build a new parking garage structure, with a mix of ground floor retail, office and/or community space ("Garage 7").

Staff reviewed the financial feasibility of Garage 7, and based on the existing funding sources, parking demand in the area, and projected revenues, the new garage would make financial sense.

A summary of the proposed purchase and sales terms for the land exchange is as follows:

- The City will exchange its existing PSB site (63,000 SF) for the Developer's site (35,000 SF);
- The exchange will be based on an equal price per square foot of \$257 PSF for each property, leaving a delta due to the City of \$5.2 Million;
- The 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 provided to each party;
- "As is" transfer of Developer's site to the City to occur by March 30, 2017; "as is" transfer of City site to the Developer to occur by July 30, 2020;
- If the City does not vacate the existing site by July 30, 2020, there is a prorated burn off of \$5.2 Million to City by end of Year 5 (August 1, 2022).
- If the Developer decides not to purchase the City site, the City will have two years to pay the Developer \$11.5 Million for the new PSB site, and the Developer will not receive the \$2 Million impact fee credit (vs. the \$9 Million if the swap proceeds).
- No Broker fees (saving the City approximately 1% to 4%).

In accordance with Section 2-2014 of the City Code, two appraisals were ordered for each property. The first round of appraisals was done by Waronker & Rosen; the second round of appraisals will be provided prior to second reading from Quinlivan Appraisal, PA. The findings of each appraisal are as follows:

	SF	Waronker & Rosen	
		Appraisal	PSF
2801 Salzedo St (City Site)	63,000	20,500,000	\$325.40
250 Minorca (Developer's Site)	35,000	9,300,000	\$265.71
		<b>11,200,000</b>	<b>\$59.68</b>

Staff reviewed the financial and economic benefits of the transaction and finds the following:

- The purchase will allow the City to assemble a 75,000 SF parcel with three significant

street frontages enhancing our asset portfolio;

- The City's purchase of the site will allow the City to build a more efficient, state of the art public safety building that will help the City attain world class public safety performance levels;
- PSB's new location will allow for faster Fire response time to the North Gables;
- The proposed Garage 7 will replace and enhance Lot 6 with an efficient 450 car parking garage structure;
- New Garage 7 mixed use building and the potential commercial development at 2801 Salzedo St will serve as catalysts for their respective areas, leading to enhanced property values and revenues to the City;
- The New Garage 7 will provide a new revenue stream to the City;
- The office space would accommodate City departments in need of additional space and/or allow departments that currently lease third party space to consolidate thereby providing savings to the City;
- The City will not have to pay market rent while a new PSB is being constructed which can be up to \$5 Million over the 3 year period;
- Purchase of the Developer's site will enhance the security of the new PSB;
- Commercial development of the 2801 Salzedo site will add to the City's tax basis.

Based on Staff's analysis of the exchange; staff believes the benefits justify the deal terms.

Per City Code, the land exchange is required to be presented to three City boards for their review and recommendation, as follows:

1. The proposed terms were presented to the Property Advisory Board (PAB) on December 14, 2016 and January 4, 2017, with the Board voting unanimously to recommend modified financial terms, as provided in the Board's excerpt minutes.
2. Proposed terms were presented to the Budget/Audit Advisory Board (BAB) on December 20, 2016, with the Board voting unanimously to recommend approval of the proposed deal.
3. Presentation of the proposed terms to the Economic Development Board (EDB) is scheduled for January 9, 2017. The Board's recommendation will be provided to the City Commission once it is obtained.
4. Proposed terms were presented to the Parking Advisory Board (PAB) on January 5, 2017, with the Board voting unanimously to recommend approval of the proposed deal.

City staff is requesting authorization from the City Commission to proceed with preparation of an ordinance to be presented for first reading at the upcoming City Commission meeting. Pursuant to Section 2-2019 of the City Code, the ordinance would require a 4/5 supermajority vote on first and second reading for passage. In addition, the City Commission would be asked to waive other requirements of the Procurement Code pursuant to Section 2-2011 and 2-583 of the City Code, which also requires a 4/5 supermajority vote. Such waiver is permitted to serve the best interests of the City and public. Here, the Developer's site is uniquely located as to allow the City to square-off a new PSB in order to create a more efficient, state of the art building and build a new parking garage structure. Accordingly, it will be requested that the City Commission find that it is in the best interests of the City and public to proceed with the waiver.

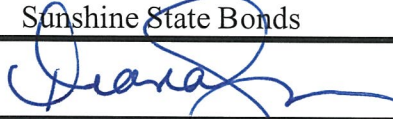
**LEGISLATIVE ACTION(S):**

Date.	Resolution/Ordinance No.	Comments
6/16/15	2015-12	Commission authorized Staff to study various options for addressing Public Safety Building needs
12/8/15	2015-308	Commission authorized Staff to pursue the best option for either renovating, replacing or relocating the Public Safety Building
10/26/16	N/A	Commission was updated on potential relocation sites, and agreed with the City Manager's recommendation to relocate to Lot 6, as authorized by 2015-308, and to negotiate purchase of adjacent site.

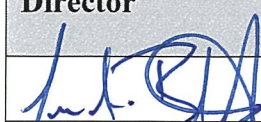

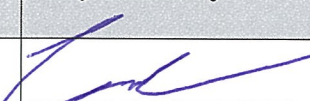

**ADVISORY BOARD/COMMITTEE RECOMMENDATION(S):**

Date.	Board/Committee	Comments
12/20/16	Budget and Audit Board	Recommended approval of proposed exchange
12/14/17 and 1/4/17	Property Advisory Board	Recommended modified financial terms, as provided in excerpt minutes
1/9/17	Economic Development Board	Recommendation pending
1/5/17	Parking Advisory Board	Recommended approval of proposed exchange

**FINANCIAL INFORMATION: (If Applicable)**

No.	Amount	Source of Funds
Various	\$36,710,000	General Capital Improvement Fund General Obligation Bonds Coral Gables Impact Fee Sunshine State Bonds
	Approved:	

**APPROVED BY:**

Director	Assistant City Manager	City Attorney	City Manager
			

**ATTACHMENT(S):**

1. Excerpt Minutes for the Budget Advisory and Property Advisory Board
2. The PSB engineer executive summary from 11/2014
3. Appraisals