

CITY OF CORAL GABLES
Property Advisory Board
Meeting Minutes
Wednesday, December 14, 2016, 8:30 a.m.
2121 Ponce de Leon Blvd., Suite 720, Coral Gables, Florida 33134

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

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

STAFF AND GUESTS:

Javier Betancourt, Director
Leonard Roberts, Assistant Director, Economic Development Department
Kevin Kinney, Director, Parking 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/PAB minutes for the special joint meeting in October passed unanimously.

A motion to approve the Annual Report for FY 2016 passed unanimously.

A motion to postpone action of the proposed deal terms to allow more time to review the terms and the appraisals was passed unanimously.

Mr. Betancourt brought the meeting to order at 8:39 a.m.

1. Review of the October meeting minutes (Action)

Mr. Gonzalez made a motion to approve the minutes of the October 12, 2016 Special Joint Board meeting, which passed unanimously.

2. Economic Development Director's Report

- Introduced Economic Development's new employee, Francesca Valdes, Business Development Specialist.
- The Boards & Committees Reception takes place on January 12th.
- Parking Garage RFP evaluation committee met a couple weeks ago, and scored the two proposals and recommended Allen Morris. That recommendation will go to the City Commission on January 24th to consider along with a staff recommendation. The City is still under a cone of silence.
- Ongoing events include Wellness Wednesdays, Jazz in the Gables every Tuesday, and Movies on the Mile every third Thursday of the month. This month the featured movie will be Elf. Economic Development has invited merchants to participate and sell their merchandise at the event. Over ten merchants have expressed interest and plan to participate.
- The City has partnered with Uber to support the merchants due to the impact of the streetscape project. The City has identified some hotspots with a designated drop-off and pick-up area.
- The City is also partnering with Freebee, a company that provides free rides on five-passenger golf carts to pedestrians through advertising dollars.
- Streetscape Update: as blocks reach certain milestones, work is continued on the next block. Pavers are being installed on Giralda and the 200 block of Miracle Mile.
 - The estimated completion date for construction is December 2017. Giralda is still expected to be complete by April 2017.
 - Merchants have been giving vouchers for free parking for their customers to alleviate the deterrence caused by street closures and construction. Traffic in the garages has increased as a result.
 - The contractor is still working out issues with the design of the street lighting. The pavers can't be installed in those sections until it is resolved.
 - Economic Development is advertising in a variety of publications and social media to support the merchants.

3. Annual Report (Action)

Mrs. DeWitt made a motion to approve the FY 2016 Annual Report and Mr. Nadal seconded, which passed unanimously.

4. Proposed Public Safety Building/ Garage 7 (Action)

Leonard Roberts presented the following information to the Property Advisory Board:

Codina Partners Land Swap
PROPOSED DEAL TERMS

On June 16, 2015, the City Commission authorized Staff to study the options for addressing the existing Public Safety Building at 2801 Salzedo Street ("2801 Salzedo") which is in dire need of repairs and has a number of structural issues. 2801 Salzedo houses the administrative

staff for the City's Police and Fire Departments; the Emergency Operations Center; the Information Technology, Human Resources, and Parking Departments; and the Gables Television Studio. It also accommodates 191 City parking spaces and 103 public parking spaces.

Staff explored several options for a new Public Safety Building ("PSB") including: rebuilding on the existing site, renovating/retrofitting on the existing site, purchase & build on a third party site, or build on other City owned property, then presented the options to the City Commission. On October 25, 2016, after evaluating the options, the City Commission authorized the City Manager to enter into negotiations with the Codina Partners regarding a contemplated land swap of the 2801 Salzedo with a 35,000 SF lot located on the south side of Minorca between Ponce de Leon Blvd and Salzedo Street (the "Codina Site") to be improved with a new PSB and a mixed-use Parking Garage Structure ("Garage 7").

The City is interested in obtaining the Codina Site to assemble with its adjacent Parking Lot 6 to construct two separate buildings, a state of the art PSB and Garage 7 for approximately \$51 million construction value (\$35 million PSB + \$16 million Garage 7). The PSB will include a new Fire Station, office space for public safety administrative & IT staff, training rooms, gym, gun range and conference areas. The proposed Garage 7 building will include public parking for up to 450 vehicles, ground floor meeting space, and offices for human resources, labor & risk and other potential City partners. In return, the Codina Partners will demolish the old PSB at 2801 Salzedo and construct a new development to be determined based on the current commercial high rise intensity land use, which would increase the City's tax base. City staff is working with the Codina Partners to finalize a sales agreement. The proposed terms would only be finalized upon review and approval of the City Commission. The proposed terms are as follows:

- The City of Coral Gables would take the fee simple interest of the Codina site in the first quarter 2017 and will have approximately three years to construct a new PSB of approximately 100,000 square feet and parking to accommodate a state of the art PSB.
- The earliest of either (1) 2801 Salzedo staffs' relocation to the PSB, or (2) 3 years and 4 months, the City would transfer an "as is" fee simple interest of 2801 Salzedo (including the building and land) to the Codina Partners.
- If the City does not relocate by the end of the 3 years, but before the 4th year anniversary, the City will pay approximately \$110,000 a month (\$15.37 PSF) as a holdover penalty. If the City does not relocate after the 4th anniversary but before the 5th year anniversary, the City will pay a one-time fee of approximately \$670,000 due the first day past the 4th anniversary. If the City does not relocate by the one day past the sixth month of the 4th year anniversary the City will pay another penalty of approximately \$670,000. By the 5th anniversary the Codina Partners will have the right to take possession.
- Each party shall be responsible for their own legal and consultant costs with regard to this transaction (including through closing and post-closing).
- Conditions precedent for the City to close includes a due diligence period not to exceed 60 days for both parties once the contract is executed, contingent on Commission approval.
- The City plans on vacating the existing alley separating the two sites of approximately 3,800 square feet and relocating it.

- In-lieu of the City staying in 2801 Salzedo during the construction of the PSB, the City will waive up to \$2 million (equitable to \$7.68 PSF in rent) in City related development fees (e.g. impact fees) to be used only towards the development of 2801 Salzedo and are not transferrable to another site.
- No sales commission will be procured.
- The City Commission must provide the City Manager with the authority to execute a final contract based on the terms provided.

The price per square foot for the swap will be based on \$267 PSF. Since 2801 Salzedo is greater in size by 28,000 SF (63,000 less 35,000) the City will be due approximately \$7.5 million upon the transfer of 2801 Salzedo St. The City's purchase of the Codina site for approximately \$9.3 million will be netted against the future sale of 2801 Salzedo; hence, not cash out of pocket due from the City.

An appraisal was obtained in 2015 and updated in 2016 for both sites as follows:

		1/30/2015		1/28/2016	
	SF	Appraisal	PSF	Appraisal	PSF
2801 Salzedo	63,000	19,000,000	\$301.59	20,500,000	\$325.40
Codina Site	35,000	8,225,000	\$235.00	9,300,000	\$265.71
	28,000	10,775,000	\$66.59	11,200,000	\$59.68

The 2801 Salzedo site is appraised at \$325 PSF, the Codina site is appraised at \$265 PSF leaving a delta of \$59.68 PSF. If the City were to go out to market to sell its site, the asking commission for listing land for sale is approximately 10% or \$32.54 PSF. In addition, the appraisal of the Codina site does not reflect an assemblage value which typically has a premium to an adjacent landowner. The City took the average premium % associated with the appraisal of its Lot 6 (12.5%) and applied it to the Codina Site resulting in a value of \$299 PSF or a delta of \$33.21. Based on the above, the City feels there is equitable exchange related to the swap. The City has ordered a second appraisal, and the City Commission will have both appraisals before making a final decision.

		PSF	Price	Difference
	2801 Salzedo	\$325.40		
	Potential Listing Commission	10%		
		32.54		
	Net Sales Price for 2801 Salzedo	\$292.86	\$267.00	\$25.86
	Codina Site	\$265.71		
	Premium Assemblage	12.75%		
		33.87		
	Codina Assemblage Value	299.58	\$267.00	\$32.58
				(\$6.72)
	City over/(under) paying	28,000		(\$188,280)

City Lot 6 and Codina Lot



Existing Public Safety Building / 2801 Salzedo



Action by the Property Advisory Board is merely a recommendation and does not constitute City approval. The City and the Codina Partners continues to proceed with finalizing a contract at its own risk.

Questions for the Property Advisory Board and suggested responses:

1. Does the proposed use conform to the city's comprehensive plan and is it compatible with the surrounding neighborhood?

2801 Salzedo land use was recently changed to commercial; hence, a proposed commercial building would conform to the comprehensive plan. The Codina site and City owned Lot 6 are currently zoned commercial and new public safety and/or garage would also conform to the comprehensive plan. All uses are considered to be compatible with their surroundings.

2. Analyze the positive or negative impacts on adjacent property.

The new Fire Station will provide faster response time to the North Gables area; the Garage 7 will provide an additional revenue stream for the City and public parking for nearby

commercial uses. Commercial development of the 2801 Salzedo site will add to the City's tax basis and provide economic stimulus to the area.

3. Are the terms and conditions of the proposed swap based on market terms and value?

The board postponed the answer to this question to the follow up meeting scheduled for a later date.

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Chairman Luis Espino raised concerns over how far the negotiations have already gone without any consultation with the Property Advisory Board. Mr. Betancourt explained that the City did not have a purchase or sales agreement in place. Mrs. Molina provided that, working in commercial real estate, having something as complete as was presented was not uncommon. Mr. Espino said he would need more time to review the content of the Proposed Deal Terms.

Ms. Molina stated that the listed sales commission at 10% did not accurately reflect the market; others on the board supported her statement. She later suggested that since there wasn't a listing commission on the other side of the agreement for what they would be spending, then it should be eliminated altogether so that things are compared apples to apples.

Mr. Nadal requested to see the appraisal reports, to which Mr. Roberts responded he would send them via email to the entire board.

Ms. Molina made a motion to postpone action of the proposed deal terms to allow at least a week to review the terms and the appraisals, which was seconded by Ms. Quemada and passed unanimously.

5. Outstanding Rent Report

The Outstanding Rent Report was provided to the board for review.

The meeting was adjourned at 9:47 a.m.

Respectfully submitted,

Mariana Price, Administrative Assistant - Economic Development Department