



City of Coral Gables
CITY COMMISSION MEETING
March 14, 2017

ITEM TITLE:

An Ordinance of the City of Coral Gables Commission authorizing the City Manager and City Attorney to negotiate and enter into a Purchase and Sale Agreement related to a land exchange with C/LeJeune, LLC involving the City's current Public Safety Building at 2801 Salzedo St and the vacant parcel located at 250 Minorca Ave that will be improved with a new Public Safety Building and a mixed use Parking Garage Structure; waiving certain requirements of the Procurement Code pursuant to Section 2-2011 and 2-583 thereof; allowing for the transfer of C/LeJeune's LLC's owned development rights to 2801 Salzedo St which is outside the Central Business District; and allowing for an impact fee credit; and providing for severability, repealer, and an effective date.

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"). On that date, staff presented an executive summary of an engineering study submitted by Stantec/FGSS (Stantec) on November 11, 2014 (See attachment # 14).

Built in 1973, the facility was determined by Stantec to need significant repairs, and the assessment identified a number of structural issues. These include multiple cracks throughout the building, multiple leaks due to lack of waterproofing and major problems with the floor structures in the apparatus truck areas, including "slabs and joists (that) are likely inadequate for present needs, and several beams (that) are overstressed in shear." The report recommends that the use of the Apparatus Bays for multiple heavy vehicles "be discontinued immediately." In addition, the report questions if the structure can withstand a major hurricane without sustaining extensive damage. The report found that the windows and exterior coiling doors are not hurricane tested and graded and that the building's "deterioration is progressive, and structural systems may weaken over time." While the building is "outside of the areas of the 100 year flood plan," its basement, which covers nearly the entire footprint, is below flood elevation levels, making it susceptible to flooding. A part of the engineering study, the lowest short-term cost to repair is \$17,278,800, which is limited to basic renovations to remedy waterproofing and life safety issues.

The four-story, 275,275-square-foot PSB uses 86,755 square feet ("SF") to house the administrative staff for the City's Police and Fire Departments (47,199 SF), Fire Station No. 1 (18,040 SF), the Emergency and Operations Centers (11,219 SF), the Information Technologies, Human Resources and Parking Departments and the Gables Television Studio. The remaining 188,520 SF consist of 175,000 SF that accommodates 191 City parking spaces and 103 public parking spaces; and 12,244 SF of common area according to the Stantec report.

As of January 2, 2017, the PSB was appraised at \$20,475,000; see below for further appraisal

information.

After the studies were presented to the City Commission on June 16, 2015, 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 established the following criteria to determine the best solution for a public safety building:

1. Economic impact/cost
2. Building efficiencies
3. Urban impact
4. Project duration
5. Civic presence
6. Location/Response Time

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.

After reviewing multiple locations including City-owned and non-City owned sites, the Committee provided the following options to the City Commission on December 8, 2015; then adopted Resolution 2015-308 to allow Staff to explore the best option(s) for a new PSB:

1. Scenario 1 - Construction of a new facility on the site of City-owned, L-shaped, parking Lot 6 at Alcazar Avenue and Salzedo Street (39,387 SF).
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 subsidiary of Codina Partners, LLC ("Developer") (combined site of 74,387 SF).
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 L-shaped footprint of Lot 6. Subsequent to the October 25, 2016 meeting, Staff learned that the Codina Partners, LLC, adjacent site's owner, ("Developer") had secured investors for developing its site and was not interested in an outright sale. Staff and 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").

On January 10, 2017, the City Commission authorized Staff to proceed with the following terms regarding the proposed land exchange with the Developer (further detailed in the attached letter of intent):

- 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 a delta due to the City of \$5.2 Million (due to the City site being larger);
- The City will provide Developer up to a \$2 Million City impact fee credit towards any future project in Coral Gables for allowing the City to maintain possession of existing PSB site until June 30, 2020;
- The “as is” transfer of Developer’s site to the City to occur by March 30, 2017 and the “as is” transfer of City site to the Developer to occur by July 30, 2020;
- Each party shall have 30 days from the date of the Purchase/Sales contract to perform their due diligence;
- 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 (July 30, 2022);
- The City shall be provided an extension up to 90 days due to Force Majeure;
- If the Developer decides not to purchase the City site, the City will have 2 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;
- Within the first year of ownership of the PSB site, if the Developer chooses to sell, the City will have the right of first refusal to repurchase the site for \$11.5 Million;
- The PSB site will have the right to receive transferable development rights (“TDR”) owned by the Developer to the extent allowed by the City (PSB is outside the CBD);
- The PSB site shall be developed as a market rate mixed use, residential or office building and no other uses;
- No Broker fees.

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, Inc.; the second round of appraisals was provided by Quinlivan Appraisal, PA. The findings of each appraisal are as follows:

	SF	Waronker & Rosen Jan, 2016 & Apr, 2016		Quinlivan Jan, 2017		Inc
		Appraisal	PSF	Appraisal	PSF	
2801 Salzedo St (City Site)	63,000	20,500,000	\$325.40	20,475,000	\$325.00	-0.12%
250 Minorca (Codina Site)	35,000	9,300,000	\$265.71	10,150,000	\$290.00	9.14%
250 Minorca (Codina Site)						
Assembled with Lot 6	35,000	N/A	N/A	11,375,000	\$325.00	N/A
Assemblage Premium		N/A		12.07%		

Although the financial terms of the proposed agreement are not considered market rate, the deal does provide the following economic and safety benefits, that in Staff’s opinion, outweigh any concerns with the real estate terms:

- The purchase will allow the City to assemble a 75,000 SF parcel with three significant street frontages enhancing its 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 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;
- The proposed Garage 7 will replace and enhance Lot 6 with an efficient 450 car parking garage structure;
- Garage 7 will be the only parking garage north of the City's Aragon garages;
- Garage 7 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;
- Garage 7 will provide a new revenue stream to the City;
- Garage 7 will provide office space to help meet the City's pent-up demand for staff office space vs. paying rent to third party lease;
- Commercial development of the 2801 Salzedo site will add to the City's tax basis.

Staff reviewed the funding of the PSB and Garage 7 and will be paying a portion with existing funds and the remainder to be financed through bonds. The recent increase in parking rates will cover the approximate \$20 Million in bond issuance. Staff prepared proforma scenarios for the proposed Garage 7 showing it would pay for itself over time.

Per City Code, the land exchange is required to be presented to four 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, January 4, 2017, and February 1, 2017. The Board did not recommend the terms as a market rate deal.
2. Proposed terms were presented to the Budget/Audit Advisory Board (BAB) on December 20, 2016 and February 2, 2017, with the Board voting unanimously to recommend approval of the proposed deal.
3. Proposed terms to the Economic Development Board (EDB) were presented on January 9, 2017 and February 1, 2017 with the Board voting unanimously to recommend approval of the proposed deal.
4. Proposed terms were presented to the Parking Advisory Board (PAB) on January 26, 2017, with the Board voting unanimously to recommend approval of the proposed deal.

Pursuant to Section 2-2019 of the City Code, the Ordinance would require a 4/5th 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 4/5th 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.
1/10/17	2017-12	Commission authorized staff to proceed with an Ordinance to proceed with the land exchange

ADVISORY BOARD/COMMITTEE RECOMMENDATION(S):

Date.	Board/Committee	Comments
12/20/16 & 2/2/17	Budget and Audit Board	Recommended approval of proposed exchange
12/14/17, 1/4/17, & 2/8/17	Property Advisory Board	Disapproved of proposed terms for exchange
1/9/17 & 2/8/17	Economic Development Board	Recommended approval of proposed exchange
1/26/17	Parking Advisory Board	Recommended approval of proposed exchange

FINANCIAL INFORMATION: (If Applicable)

No.	Amount	Source of Funds
Various	\$36,710,000 (PSB) \$16,700,000 (Garage 7)	General Capital Improvement Fund General Obligation Bonds Coral Gables Impact Fee Sunshine State Bonds

	Approved:	
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APPROVED BY:

Director	Assistant City Manager	City Attorney	City Manager

ATTACHMENT(S):

1. **Proposed Ordinance**
2. **Executed Letter of Intent**
3. **Excerpt Minutes for the Budget Advisory of December 20, 2016**
4. **Excerpt Minutes for the Budget Advisory of February 2, 2017**
5. **Excerpt Minutes for the Economic Advisory of January 9, 2017**
6. **Excerpt Minutes for the Economic Advisory & Property Advisory of February 8, 2017**
7. **Parking Advisory Board memo from January 26,2017**
8. **Waronker & Rosen Appraisal of Developer’s site dated 5/7/16**
9. **Waronker & Rosen Appraisal of Public Safety Building dated 1/28/16**
10. **Quinlivan Appraisal of Developer’s site dated**
11. **Quinlivan Appraisal of Public Safety Building dated 1/2/17**
12. **Quinlivan Appraisal of Developer’s site dated 1/2/17**
13. **Developer’s Environmental Phase-1 Interpretation**
14. **The PSB engineer executive summary from 11/2014**