# **CITY OF CORAL GABLES**

# Property Advisory Board Meeting Minutes

# Wednesday, May 9, 2018, 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
	'18	'18	'18	'18	'18	'18	'18	'18	'18	'17	'17	'17	
Alberto Manrara	P	P	X	P	Е					P	P	X	Mayor Raúl J. Valdés-Fauli
Jonathan Leyva	P	P	X	P	P					P	P	X	Commissioner Michael Mena
Jack Lowell	P	P	X	P	P					-	-	X	Commissioner Patricia Keon
Valerie Quemada	P	P	X	Е	P					P	P	X	Commissioner Vince Lago
Tony Gonzalez	Е	P	X	P	P					Е	P	X	Vice Mayor Frank Quesada
Edmund Mazzei	P	P	X	P	Е					P	P	X	City Manager Swanson-Rivenbark
Andrea Molina Vice Chair	P	P	X	P	P					P	P	X	City Commission as a Whole

A = Absent E = Excused Absence P = Present X = No Meeting Ph = Present by Phone - = Former Board Member

# **STAFF AND GUESTS:**

Leonard Roberts, Interim Director, Economic Development Department Mariana Price, Administrative Assistant, Economic Development Department

# **Meeting Motion Summary:**

A motion to approve the minutes of the January 10, 2018 meeting passed unanimously.

A motion to approve the minutes of the February 14, 2018 meeting passed unanimously.

A motion to recommend the purchase of the property located at 7000 Old Cutler Road as Fire Station IV, with respect to the proposed deal terms with a price not to exceed \$3 million, along with a two-year, nontransferable lease to the current owner passed unanimously.

A motion recommending that one alternate site be suggested by the Fire Department that would fit within the budget and given criteria passed unanimously.

Mr. Roberts brought the meeting to order at 8:37 a.m.

#### 1. Review of January and February meeting minutes (Action)

Mr. Gonzalez made a motion to approve the January meeting minutes, which Mr. Leyva seconded, and which passed unanimously. Mr. Lowell made a motion to approve the February meeting minutes, which Ms. Quemada seconded, and which passed unanimously.

# 2. Land Acquisition of 7000 Old Cutler (Discussion)

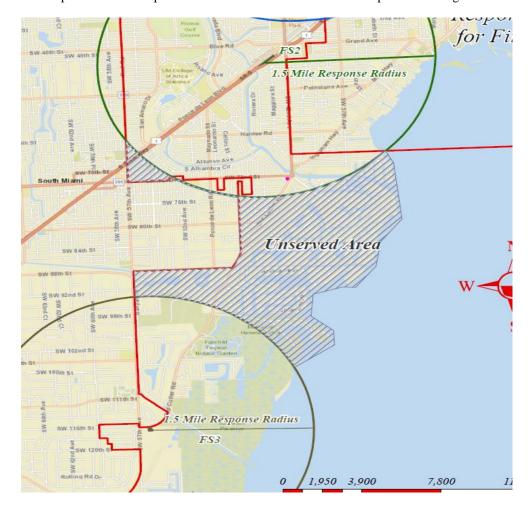
Mr. Roberts reviewed the following proposed deal terms for the 7000 Old Cutler Road location as the potential future site for Fire Station IV:

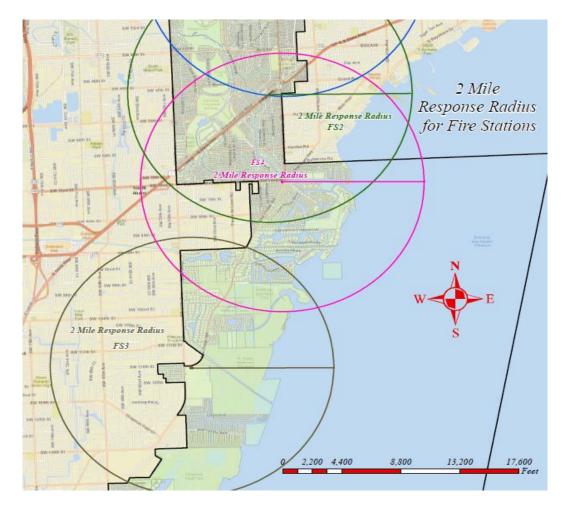
# 7000 Old Cutler Road as Fire Station IV PROPOSED DEAL TERMS

The City is exploring the possibility of locating a fire station between Fire Station 2 (currently located at U.S. 1 and Riviera Blvd.) and Fire Station 3 (located at 11911 Old Cutler Rd), with the objective of enhancing response times. Historically, response to this central area of the City has been challenging due to travel distances and access limitation caused by traffic congestion and lack of alternate travel routes. The fire station is projected to enhance response times to the south end business district, as well as the surrounding communities, such as Coco Plum, Gables Estates, Hammock Lakes, and the west end of the University of Miami.

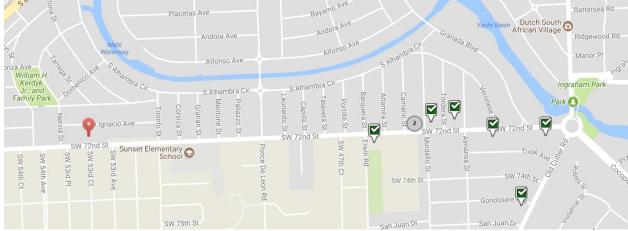
The Fire Department has provided the following criteria in search for a new location:

- A location near Sunset Drive to enhance East/West travel routes south of US-1 where access to communities such as Coco Plum, Gables Estates, and Hammock Lakes has been challenging;
- The location should narrow the 5-mile gap between Fire Station 2 and Fire Station 3;
- The location should provide alignment of resources within a set boundary without creating duplication of
  efforts. In other words, each area of the City has response resources within a set response district with no
  duplication of efforts;
- A site that provides for a response time enhancement with minimal impact to the neighborhood.





The Economic Development & Fire Department has analyzed the criteria and has reviewed several possible sites including city-owned sites, commercial, residential and green spaces, example of sites are noted below.



Based on the City's search, the City has identified 7000 Old Cutler Road which meets the criteria established above. The lot is 32,716 SF and includes a house built in 1936 that is 3,381 SF. The property lies adjacent to approximately 16,000 SF of City right of way (ROW), and has three entrances: Old Cutler Road, Coco Plum Plaza and Sunset Drive. In addition, there are 136 trees that create a visual barrier from all three streets and the neighboring homes.



This location not only provides an opportunity for a Fire Station, but also creates synergy for the potential use of green space due to its proximity to Ingraham Park, Cartegena Park, and the Old Cutler Trail.

The City would operate a Fire Station hub in one of the three existing structures and have one fire truck on site to minimize the cost. The City's Historical Resources department has determined the site is not historically significant. In accordance with Section 2-2014 of the Procurement Code, two real estate appraisals were conducted with regard to the Lot. The appraisals were done by MAI certified appraisers' Blazejack & Company and Waronker & Rosen, Inc. The appraisers valued the site based on its current allowed used and a hypothetical institutional use.

		F	Residential		In			
		Value	Structure	Lot	Value	Structure	Lot	
			Value PSF of			Value F	PSF of	Premium
Waronke	Waronker and Rosen		\$384.50	\$39.74	\$1,800,000	\$532.39	\$55.02	38.46%
	Blazejack	\$3,400,000	\$1,005.62	\$103.92	\$3,900,000	\$1,153.50	\$119.21	14.71%
<b>Appraisal Difference</b>		(\$2,100,000)			(\$2,100,000)			
M	Magenheimer		\$561.96	\$58.08	\$2,900,000	\$857.73	\$88.64	52.63%

Due to the significant difference in values, the City has ordered a third appraisal. The home was built in 1936 and was designated NOT historic by Historical Preservation. The appraisers valued the site as a vacant parcel since its highest and best use is an optimum size single family vs. the smaller home currently on the site.

- The proposed terms would be as follows:
  - The Owner conveys title to the City;The purchase price would be \$4,000,000;
  - The current owner will continue to live in the property for up to two years providing liability protection to the City.
  - The City would order a thorough inspection during a reasonable due diligence period;
  - Contingent on neighborhood and commission review;
  - No Broker involvement.

The procurement code requires a deal to be presented to the Property Advisory Board and allow responses to certain questions in their consideration as an advisory board; hence, the following suggested responses have been provided.

# Questions for the Property Advisory Board, and suggested answers:

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

The property is zoned residential and the use of the land would be for a park and fire station. The City intends on operating the fire station out of the house and not build a new fire station. This location will enhance the access and reduce the travel distance to communities such as a Cocoplum, Gables Estates, Hammocks, the surrounding neighborhoods and the Davis/Ponce/High Pines potential annexation; hence, closing the gap for fire response time in these areas. If the City ROW fronting the property were to be used as a park it could create synergy to the neighboring Cartegena Park, Ingraham Park and the Old Cutler trail. In order for the City to enhance its fire rescue response time and meet the criteria established by public safety the use would have to be changed by the City Commission's approval.

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

The park use would complement the neighboring green space. A fire station would enhance the Fire department's services to the surrounding communities (e.g., Coco Plum, Gables Estate, proposed annex area) allowing them to respond to residents in a timelier manner. The neighboring property owners could view a "fire station" as a negative impact to their home values; in addition, they may be concerned with sound from sirens at any given time. The City would use the current house as the "fire station," the trees would block any view of vehicles parked on site, and the sirens would be turned on after the fire trucks leave the property. Some residents may still have concerns with the concept of a "fire station" so close to their homes. Overall, the general criteria for a new fire station would occur in a residential area so the concern of having a fire station in a neighborhood would be identical to another potential site.

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

Based on the appraisals, the purchase price is greater than the market value. The upfront purchase price of \$4 Million, and allowing the owner to reside in the unit for up to 2 years are terms. There were alternatives for a potential site as provided above. None of the alternatives provides 3 road access and park use for a combined site of approximately 48,700. The City's capital budget and grant that will be used to purchase the site requires it to be an acquisition to qualify for the funding. Approximately \$3 Million will be provided between these two funding sources. If the City were to evaluate the structure and land strictly based on SF (even though the appraisers noted the structure was not the highest and best) the value could arguably be \$2.5 Million (as noted by Zillow) which leaves approximately \$1.5 Million over market. This over market could be perceived as the premium for 3 street access, 17' above sea-level, and the assemblage of a 16,000 SF park. Ultimately the purchase price is above market value as supported by the appraisals.

Board members discussed at length the proposed deal terms, covering topics of land value, lease terms for the current owner, urgency of the acquisition, and even

Mr. Mazzei had reviewed the proposed deal terms and emailed in his opinion as follows, which was real aloud to the board:

I reviewed the proposal and since I cannot attend tomorrow, here are my thoughts on the PAB Questions:

- 1. Yes and I agree on the need as well as the location.
- 2. Yes and I agree with the analysis positive and negative. Fire Department "safe" discipline could minimize siren noise until the vehicle is close to the road.
- 3. No, I do not agree with the purchase price proposed. Blazejack's appraisal is too high; Waronker and Rosen too low. I have seen many appraisals by Magenheimer over the years and their presentations/valuations are always "right on track." Magenheimer's appraisal reputation in our commercial brokerage community is rated very high. I could support \$3 Million purchase price.

I hope this helps in the PAB review and discussion. You have my permission to share this with PAB Members during the meeting.

Both Mr. Lowell and Mr. Leyva expressed their approval of Mr. Mazzei's comments.

Regarding the appraisal values, Ms. Molina made the argument that the institutional value is irrelevant because no other entity could ever purchase the land for that use (due to zoning regulations). She contended that the appraisals don't consider that the City will not be able to use the site for two years, and said that access to the site should be immediate. Furthermore, she stated that since the City isn't interested in enforcing use of eminent domain that the City should find an alternate site to consider otherwise the board's consideration of this purchase would be pointless. The consideration of another site would give the City negotiating power. Mr. Lowell said if the City were to choose the route of eminent domain on a non-voluntary basis, it would lose its timeframe of all public approvals.

Mr. Leyva shared his thoughts that strategically, the location is fantastic, however the price of \$4 million is way overpriced (\$4M is more so the value of a waterfront property). He wanted to know how urgent the purchase is, and expressed that as a whole, it would be a horrible buy, stating that he could justify it as a \$2 million purchase.

Ms. Quemada stated that no one else would pay \$4 million for this property and suggested that the City wait it out. Mr. Roberts explained that the purchase is contingent upon inspection, community approval, and commission approval.

Mr. Jack Lowell made a motion to recommend the purchase of the property with respect to the three questions as noted with a price not to exceed \$3 million, with a two-year, nontransferable lease to the current owner being acceptable. The motion was seconded by Mr. Leyva and passed unanimously.

Ms. Molina made a motion that one alternate site be suggested by the Fire Department that would fit within the budget and given criteria. Mr. Gonzalez seconded the motion, which passed unanimously.

# 3. Outstanding Rent Report

An Outstanding Rent Report of the City's tenants with outstanding rent balances was given

to board members.

#### 4. Other City Business

Mr. Roberts informed the Property Advisory Board that 22,000 people came out to the Streetscape Grand Opening, which took place on April 14, 2018. The City now offers free Wi-Fi to anyone in the downtown area. Mr. Roberts also reported to the board that the City Commission approved the board's recommendation that Coral Grand, LLC (aka, Coral Gables Country Club management) be allowed to present once a year before the Commission and once a year before the Property Advisory Board (instead of twice/year before the Commission). Mr. Roberts informed the board that the deadline for the proposals of Garages 1 & 4 was on May 5<sup>th</sup>, but the developers (Related Group/Allen Morris) have filed for an extension. The developer wanted to reduce the parking count, to which the City said no. When asked on what basis, the City referenced an updated parking study from 2014 which recommends that there should be at least 1,000 parking spaces. Therefore, the Parking director's request for 750 spaces is substantiated. Since the City took about a month in reviewing the developer's request, the City granted an extension for a revised proposal until June 14<sup>th</sup>.

Mr. Roberts explained to the Board that moving forward, motions made by boards and committees are now submitted to the City Commission for further guidance and consideration. That is to say, any significant motions are given special attention by the Commission on a separate section of the agenda (other than just under general approval of the minutes).

In discussion of noise ordinances, Ms. Quemada informed the board that apartments are typically built differently than condos. The board collectively took interest in furthering the conversation to ensure that upcoming developments follow the standards for condos, even if they are initially meant to be apartments for rent.

The meeting was adjourned at 10:21 a.m.
Respectfully submitted,
Mariana Price, Administrative Assistant - Economic Development Department